S. Hrg. 99-58, Pt. 5

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1986

HEARINGS

BEFORE THE

COMMITTEE ON ARMED SERVICES
UNITED STATES SENATE

NINETY-NINTH CONGRESS

FIRST SESSION

S. 674

TO AUTHORIZE APPROPRIATIONS FOR FISCAL YEAR 1986 FOR THE ARMED FORCES FOR PROCUREMENT, FOR RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, FOR OPERATION AND MAINTENANCE, AND FOR WORKING CAPITAL FUNDS, TO PRESCRIBE PERSONNEL STRENGTHS FOR SUCH FISCAL YEAR FOR THE ARMED FORCES, AND FOR OTHER PURPOSES

PART 5

MANPOWER AND PERSONNEL

FEBRUARY 28, MARCH 7, 11, 12, 19, 21, 1985

Printed for the use of the Committee on Armed Services

U.S. GOVERNMENT PRINTING OFFICE
47-129 O WASHINGTON : 1985

S201-37

COMMITTEE ON ARMED SERVICES

BARRY GOLDWATER, Arizona, *Chairman*

STROM THURMOND, South Carolina
JOHN W. WARNER, Virginia
GORDON J. HUMPHREY, New Hampshire
WILLIAM S. COHEN, Maine
DAN QUAYLE, Indiana
JOHN P. EAST, North Carolina
PETE WILSON, California
JEREMIAH DENTON, Alabama
PHIL GRAMM, Texas

SAM NUNN, Georgia
JOHN C. STENNIS, Mississippi
GARY HART, Colorado
J. JAMES EXON, Nebraska
CARL LEVIN, Michigan
EDWARD M. KENNEDY, Massachusetts
JEFF BINGAMAN, New Mexico
ALAN J. DIXON, Illinois
JOHN GLENN, Ohio

JAMES F. McGOVERN, *Staff Director and Chief Counsel*
ARNOLD L. PUNARO, *Staff Director for the Minority*
ALAN R. YUSPEH, *General Counsel*
CHRISTINE C. DAUTH, *Chief Clerk*

SUBCOMMITTEE ON MANPOWER AND PERSONNEL

PETE WILSON, California, *Chairman*

STROM THURMOND, South Carolina
WILLIAM S. COHEN, Maine
JOHN P. EAST, North Carolina
JEREMIAH DENTON, Alabama

JOHN GLENN, Ohio
SAM NUNN, Georgia
J. JAMES EXON, Nebraska
EDWARD M. KENNEDY, Massachusetts

CONTENTS

CHRONOLOGICAL LIST OF WITNESSES

MANPOWER AND PERSONNEL ISSUES

FEBRUARY 28, 1985

Page

Korb, Lawrence J., Assistant Secretary of Defense for Manpower, Installations and Logistics 2161
Webb, James H., Jr., Assistant Secretary of Defense for Reserve Affairs 2184

MANPOWER AND PERSONNEL ISSUES

MARCH 7, 1985

Elton, Lt. Gen. Robert M., Deputy Chief of Staff for Personnel, U.S. Army 2230
Lawrence, Vice Adm. William P., Deputy Chief of Naval Operations for Manpower, Personnel and Training, U.S. Navy 2251
Cassidy, Lt. Gen. Duane H., Deputy Chief of Staff for Manpower and Personnel, U.S. Air Force 2274
Maloney, Lt. Gen. W.R., Deputy Chief of Staff for Manpower, U.S. Marine Corps 2287

RECRUITING AND RETENTION PROGRAMS

MARCH 11, 1985

Korb, Hon. Lawrence, J., Assistant Secretary of Defense for Manpower, Installations, and Logistics 2337
Webb, Hon. James, H. Jr., Assistant Secretary of Defense for Reserve Affairs 2381
Porter, Maj. Gen. Bobby, G., Director of Military Personnel Management, U.S. Army 2421
Burkhardt, Rear Adm. Lawrence, III, Assistant Deputy Chief of Naval Operations for Manpower Personnel and Training, U.S. Navy 2426
Oaks, Maj. Gen. Robert C., Assistant Deputy Chief of Staff, Manpower and Personnel, U.S. Air Force 2432
McMonagle, Maj. Gen., J.J., Director of Personnel Management, U.S. Marine Corps 2435

MIX OF ACTIVE AND RESERVE FORCES

MARCH 12, 1985

Korb, Hon. Lawrence J., Assistant Secretary of Defense (Manpower, Installations, and Logistics) 2481
Webb, Hon. James H., Jr., Assistant Secretary of Defense (Reserve Affairs) 2489
Walker, Lt. Gen. Emmett H., Jr., U.S. Army, Chief of the National Guard Bureau 2510
Temple, Maj. Gen. Herbert R., Jr., U.S. Army, Director of the Army National Guard 2534
Berkman, Maj. Gen. William R., U.S. Army, Chief, Army Reserve 2558
Kempf, Rear Adm. Cecil J., U.S. Navy, Director of Naval Reserve 2650
Conaway, Maj. Gen. John B., U.S. Air Force, Director of the Air National Guard 2679
Gill, Maj. Gen. Sloan R., U.S. Air Force, Chief of the Air Force Reserve 2684

Page

Went, Maj. Gen. J.J., U.S. Marine Corps, Deputy Chief of Staff for Reserve Affairs 2690

McDonough, Rear Adm. Joseph A., U.S. Coast Guard, Chief of Readiness and Reserve 2712

MILITARY RETIREMENT SYSTEM

MARCH 19, 1985

Korb, Hon. Lawrence J., Assistant Secretary of Defense, Manpower, Installations, and Logistics 2749

Hennrikus, George F., director of legislative affairs, the Retired Officers Association 2775

Nolan, Robert W., executive secretary, Fleet Reserve Association 2780

Catlin, Ben S., assistant executive director, Air Force Association 2786

McKinney, C.A., executive director for government affairs, Non-Commissioned Officers Association of the United States of America 2790

Cocklin, Robert F., executive vice president, Association of the U.S. Army 2793

MILITARY AND CIVILIAN MANNING LEVELS

MARCH 21, 1985

Rudman, Hon. Warren B., a U.S. Senator from the State of New Hampshire 2918

Korb, Dr. Lawrence J., Assistant Secretary of Defense for Manpower, Installations and Logistics 2928

Elton, Lt. Gen. Robert M., U.S. Army, Deputy Chief of Staff for Personnel 2955

Lawrence, Vice Adm. W.P., U.S. Navy, Deputy Chief of Naval Operations for Manpower, Personnel, and Training 2958

Cassidy, Lt. Gen. Duane H., U.S. Air Force, Deputy Chief of Staff for Manpower and Personnel 2964

Mead, Brig. Gen. James M., U.S. Marine Corps, Director, Manpower Plans and Policy Division 2967

Index (i)

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1986

THURSDAY, FEBRUARY 28, 1985

U.S. SENATE,
SUBCOMMITTEE ON MANPOWER AND PERSONNEL,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

MANPOWER AND PERSONNEL ISSUES

The subcommittee met in open session pursuant to notice, at 2 p.m., in room SR-232A, Russell Senate Office Building, Senator Pete Wilson (chairman) presiding.

Present: Senators Wilson, Thurmond, Exon, and Glenn.

Staff present: Patrick A. Tucker, counsel; Arnold L. Punaro, staff director for the minority; Richard D. Finn, Jr., George K. Johnson, Jr., David S. Lyles, professional staff members; Patricia L. Watson, research assistant, and Mary J. Kampo, staff assistant.

Also present: James H. Dykstra and Dale Gerry, assistants to Senator Cohen; John L. Roddy, assistant to Senator East; Mark J. Albrecht, assistant to Senator Wilson; DeForest Hamilton, assistant to Senator Denton; Jeffrey B. Subko, assistant to Senator Exon; James Steinberg, assistant to Senator Kennedy; and Phillip P. Upschulte, assistant to Senator Glenn.

OPENING STATEMENT BY SENATOR PETE WILSON, CHAIRMAN

Senator WILSON. Good afternoon, ladies and gentlemen. The hearing will come to order.

This is the first hearing of the Manpower and Personnel Subcommittee on the fiscal year 1986 Defense authorization request. This is also the first hearing of the subcommittee since I have been honored by appointment to be the subcommittee's chairman. It is a distinct honor, also a set of challenges.

I am looking forward to both, and to the participation of the members of the subcommittee, particularly the ranking member, who is, I gather, not quite yet certain who that will be. It is my hope that it will be my distinguished colleague from Ohio, Senator John Glenn.

But I will seek and need the benefit of the experience of the other members of this subcommittee during the 99th Congress, and in particular during this first year when we are operating in a deficit reduction setting, and there will be no shortage of suggestions as to how to achieve certain reductions. This is one committee where I do not anticipate the problem of citizen apathy.

I would like to note that on the Republican side, Senators Thurmond, Cohen, East and Denton have been tentatively designated for membership. You see five nameplates on the Democratic side. I do not believe that we will have all five, but we are expecting at least four.

This subcommittee is confronted this year with a series of very difficult issues. I will not attempt a comprehensive catalog of all of them, but it is clear that the subcommittee will need to closely review the levels of military compensation, the size and makeup of the Active and Reserve Forces, the best methods to ensure management of civilian personnel with the Department of Defense.

We will be concerned with the military retirement system, the military health care system, the quality of life for active duty personnel in general, and the outlook for recruiting and retention over the next several years, with particular attention to specific incentive programs, including educational benefits, which will bear upon the success of those recruiting and retention efforts.

Presently the subcommittee has scheduled four hearings to focus on some of these issues. On March 6 at 2 p.m. the subcommittee will receive testimony from the chief of personnel of each of the services about the 1986 manpower authorization request. On March 7 at 2 p.m. a hearing will be held on recruiting and retention, and the test educational benefits program scheduled to go into effect July 1 of this year.

On March 12 at 10 a.m. the subcommittee will consider the issue of the mix of Active and Reserve Forces. And finally, on March 19 at 10 a.m. a hearing will be held to review the military retirement system, its present operation and suggested changes.

Let me say that we are this afternoon sending out a notice that in addition to the regular agenda for the March 6th meeting, we are in hopes of having Senator Rudman present at 3 p.m. on Wednesday, March 6 to address the subcommittee with respect to his proposal having to do with reductions in compensation and end strengths.

Those of you who are interested in that subject do not miss that hearing, or at least stay tuned to assure yourselves that we will in fact be conducting the hearing on March 6.

Although no other hearings have been scheduled at this time, there will be hearings on the military health care system, and it is likely that hearings on mangement of flag and general officers will be conducted late in the spring or this summer.

We will have a great deal on our plate. We expect to work hard. I think that the committee will have a much greater relevancy than perhaps ever before because of the deficit reduction challenge facing the entire defense establishment.

This afternoon the subcommittee meets to conduct a general review of the 1986 manpower requests. Our two witnesses should assist the subcommittee greatly as we start this process.

Our first witness is the Honorable Lawrence J. Korb, the Assistant Secretary of Defense for Manpower, Installations and Logistics. After hearing testimony from Dr. Korb and having the opportunity to question him, we will call our second witness, the Honorable James H. Webb, Jr., Assistant Secretary of Defense for Reserve Affairs.

Both witnesses have submitted formal written statements, and they will be entered in the record as submitted. The witnesses have been asked to limit their oral statements to not more than 30 minutes. They are not compelled to take all of that time, but they may if they wish.

We are eager to hear from them, but before hearing the witnesses I would like to yield to my colleague, Senator John Glenn of Ohio, who is with us today and will be with us as we undertake the challenges facing the subcommittee. I would invite him to make any statement at this time that he wishes to make.

Senator GLENN. Thank you, Mr. Chairman. I do not really have any statement. I am glad to be here.

As you indicated earlier, the membership of the committee is still slightly up in the air. There is still some juggling going on as far as subcommittee assignments go, on the Democratic side, and I hope we get that ironed out very shortly. But I am glad to be here and look forward to hearing the witnesses today.

Senator WILSON. Thank you very much, Senator.

Dr. Korb, welcome. Please proceed.

STATEMENT OF DR. LAWRENCE J. KORB, ASSISTANT SECRETARY OF DEFENSE FOR MANPOWER, INSTALLATONS AND LOGISTICS

Dr. KORB. Thank you very much, Mr. Chairman, Senator Glenn. It is a pleasure to be here.

I would like in a few moments, since you have my prepared statement for the record, to focus on just a few areas: first, improving the life of military families; second, solving several personnel management problems; then finally, operating without civilian ceilings.

It is important, I think, before we talk about any particular issues, to remember how far we have come in the past couple of years. As we all know, this administration inherited a deteriorating military personnel situation, and we have succeeded over the past 4 years beyond our wildest expectations. We now have a high quality force that provides for immediate defense and serves as a foundation for future needs.

Although the recruiting environment is becoming more challenging each year because of the demographics and the economic situation, I am confident we can continue to satisfy our recruiting objectives with adequate recruiting resources, competitive pay and compensation, and the continued support of Congress and the American people that makes military service a high status occupation.

There is no doubt that improvements in compensation helped greatly in improving the situation, but I think our attention to the quality of life of the men and women in uniform and their families has also contributed to our success, and I think it is important that we continue our attention in that area.

FAMILY PROGRAMS

Let me focus on some of our family programs. Last year we created a family policy coordinating committee. We instituted a DOD-wide family survey of over 130,000 service members and over 75,000 spouses.

We are working more now with agencies outside the Department of Defense in support of family problems. We have incorporated family awareness training into some officer and NCO training curricula, and I now have an Office of Family Policy reporting directly to me.

But we do need congressional support. Even though we have had some success in the manpower area, we are going to need support; let me give you a few areas which will help particularly the military family.

First of all, we need improvements in permanent change of station, PCS, reimbursements. Right now, members are only reimbursed for about $1 out of every $4 they spend when they move, and one-half of our members must borrow money every time that they move.

We need equity in the dependent student travel program. This program, as you know, was modified to eliminate funding for travel within the continental United States for military dependents. This is grossly unfair because dependents of civilians who work for the Government get this funding, and more than that, it imposes a financial burden on parents stationed overseas. As you know, because of our forward strategy we have a great deal of our forces stationed overseas.

Also, we have been concerned over the past couple of years about the proposed transfer of the Department of Defense Dependents School (DODDS) to the Department of Education. Both the Department of Defense and the Department of Education support a permanent repeal of this provision.

DODDS is an integral part of Defense, and it has been an academic success. The test scores of the people in our DOD schools are higher than the national average. The transfer will not only cause many technical and legal problems, but in my view, it would be devastating for future retention.

MILITARY RETIREMENT

Let me turn to the subject of military retirement, a subject that has received increasing attention in the last couple of weeks. We have not as a Department submitted any recent recommendations for structural reform of the system.

However, as Secretary Weinberger has mentioned, the system is constantly under review. He feels, and I feel myself, that the current system is fulfilling its purpose as a management tool for manning the force with the kind of people we need, and any changes that are made should be done in the context of the overall compensation package. As you know, this year's budget has a provision whereby no Government retirees, including military, will get a cost-of-living increase.

PERSONNEL MANAGEMENT PROBLEMS

Let me switch to the second area, and that is personnel management problems. I was happy to hear you say that you intend to hold hearings on the problem of management of flag and general officers. We need a comprehensive framework to handle this area. We need to get away from temporary solutions in which every year the Congress at the last minute is asked to add a three star for this service, a two star for that service, a four star to another service.

Four years ago at this time I presented to the Congress a comprehensive plan to manage this area, and I would urge that this be taken up again as a basis for discussion so that we can have a comprehensive and permanent framework determine how many generals and admirals we should have.

We also have some problems in the Department with management headquarters reductions and ceilings on the Office of the Secretary of Defense. This goes at cross purposes with our efforts and some of the efforts directed by other committees of the Congress to strengthen the program and policy oversight, to reduce waste and improve management of our resources, particularly in the spare parts area. But most importantly, it is at cross purposes with the increased workload imposed by the Congress itself.

The statutory provisions in the authorization and appropriation bills have grown by 200 percent since 1970, other actions by 1,000 percent, and reports by 1,200 percent.

CIVILIAN PERSONNEL

Let me turn to the final main area that I want to touch on, managing the Department of Defense civilians without ceilings.

Now, this concept, which was enacted by Congress last year, allows requirements in workloads to determine manpower levels rather than artificially imposed ceilings. As you know, we are currently preparing a report which is due tomorrow on operating our industrially funded activities without ceilings in fiscal year 1984.

This report will show that some installations have grown, while others have cut employment. Corpus Christi is up 11 percent; China Lake Naval Weapons Center and San Francisco real property maintenance are up 8 percent; the Army Redstone Arsenal is down 6 percent; the New Cumberland Army Depot is also down 6 percent.

And so what I think this report will say—and I am confident the same thing will happen as we manage the whole Department without ceilings—is that one can remove ceilings without automatically increasing the size of the work force.

This report that we will give you will also address the first 3 months of fiscal 1985 so that you can have the latest data on which to make your judgments about civilians this year. While it is too early to anticipate the exact results of operating the entire Department without ceilings, I am confident that we will have the same experience that we did within the industrially funded area.

We will also report annually on how the concept is working and what steps we are taking to control or reduce the size of the work force; for example, our A-76 contracting out of commercial activities program, efficiency reviews, productivity enhancing capital investments, use of overtime and temporary employees, and cost effects of each of these alternative management methods.

If we take management spaces while leaving workload, this unbalances operations. We want and I think we deserve the opportunity to manage by outputs—effective support of military forces and improved readiness will be the result of that—rather than by end strength controls.

There are a few other areas that I would seek your support in: increase in pay for service members; increases in active component military strength to support improvements in force modernization and enhanced sustainability of the current force structure; increases in recruiting resources so they stay level with inflation; increases in resources for selective reenlistment bonuses and special duty assignment pay so they maintain their buying power; continued support of training resources; support for legislative modifications of the new GI bill; and finally, increases in funding to support civilian personnel increases, primarily in readiness-related areas, spares managements, maintenance support, auditing and control functions.

In conclusion, let me make a few points. We are concerned about recent proposals which include canceling the military pay raise, reducing DOD support personnel, and canceling or reducing increases in personnel for fiscal year 1986.

MILITARY COMPENSATION

As you make your judgments on these factors, you should consider the following facts: Military compensation lags behind the private sector. Right now the gap is almost 7 percent as measured by the ECI. Without adequate compensation, we will not be able to attract and retain quality personnel.

Large reductions in support personnel cause turbulence, a breakdown in our ability to support the force structure, diversion of personnel from combat force to do support functions and reduce readiness.

One-half of our 1986 military and civilian increase is for strategic tactical mobility forces, the combat force. The remainder of the increase is in intelligence, depot maintenance, medical support, training and other activities that enable the combat force to be ready.

The increased personnel will operate, maintain and support new weapons systems, ships and aircraft that have already been approved by the Congress. We should not undo the improvements that have been made in manpower, however well intentioned our efforts to save the tax dollars. People must remain our highest priority.

Thank you very much, Mr. Chairman.

[The prepared statement of Dr. Korb follows:]

Prepared Statement of Dr. Lawrence J. Korb, Assistant Secretary of Defense, Manpower, Installations and Logistics

INTRODUCTION

Mr. Chairman and members of the committee, it is a distinct pleasure for me to appear before you today to discuss our current manpower situation. I will not only tell you where we stand but will also seek your support for initiatives vital to continuing the success of the past four years.

In these days of significant success in the manpower area, there may be a tendency to forget the terrible condition of our armed forces when this administration first came into office. There were serious manpower deficiencies in both quantity and quality of personnel in the active and the reserve forces. The test scores and educational achievements of our recruits had reached disturbing lows, morale had declined, and the loss of career personnel was aptly described as a hemorrhage of talent. Many of our allies were concerned about our ability to meet our defense commitments.

The Reagan administration made remedying this situation one of its highest priorities, and with your help we have succeeded beyond our expectations. This country now has a strong, high-quality force that not only provides for the immediate defense but also serves as a solid foundation for future defense needs. We have accomplished this change by offering qualified volunteers the opportunity to become skilled professionals, to be paid a competitive wage, and to make a contribution to the security of the nation. In addition, we have recognized the military family as an integral part of the defense community and have improved the quality of military life and working conditions.

While we in the Defense Department, like our counterparts in other agencies, must search for every available means of saving tax dollars, it is vitally important that we not undo the improvements that have been made in the manpower area. We need your help to ensure that each of the components of our Total Force—active military, reserves, and civilians—continues to perform effectively its share of the job of defending the Nation. We also need your help to ensure that we have the resources we need to plan for the future. People must remain our highest priority.

ACTIVE COMPONENT MILITARY MANPOWER

Growth in active strength, improvement in the experience level of the force, and reduction of critical skill shortages are evidence of our success in the area of active component military manpower.

At the end of fiscal year 1984, there were over 98,000 more people on active duty than there were in 1980. For fiscal year 1986, we are requesting an increase of 25,630 or 1.2 percent from our fiscal year 1985 level. Adquate strength is the fundamental determinant of unit personnel readiness, and the small growth requested will support necessary improvements in force modernization programs already approved by the Congress and enhance the sustainability of the current force structure. Manpower is not independent of modernization but is an integral part of our total defense program. As end strength levels are artifically constrained, as they were in fiscal years 1984 and 1985 when Congress denied 60 percent of our active component growth, the resulting undermanning of much needed new programs ultimately degrades readiness. We need your approval of our requested growth to support our force structure and weapons systems.

Each of the services met its enlisted recruiting goals in fiscal year 1984. We recruited about 330,000 people. Our goal for fiscal year 1985 is approximately the same. Educational levels and test scores of the recruits in fiscal year 1984 were the best ever and much higher than those of the general youth population:

Last year, 93 percent of our new recruits had earned a high school diploma. This figure compares to about 75 percent in the general youth population. Four years ago, only 68 percent of new recruits had high school diplomas.

Ninety-three percent of our new recruits scored in the average or above average categories on the Armed Service Vocational Aptitude Battery (ASVAB) compared to 69 percent in the general youth population. Four years ago, only 69 percent of our recruits scored in these categories.

The improving economy and declining youth unemployment, however, have made the recruiting environment somewhat more challenging. To continue attracting the required number of quality volunteers, we must be committed to a program of fair and competitive pay and allowances and adequate recruiting resources. We will need about 3 percent program growth in total recruiting and advertising resources to respond to the more difficult recruiting environment and achieve our enlistment goals.

The loss of experienced people that was occurring in the late 1970's has been halted. Now the reenlistment rate for career enlisted personnel is about 85 percent, compared to only 69 percent in 1979. The total enlisted force has grown about 4.1 percent since 1980, while the noncommissioned and petty officer corps has grown by about 11 percent during the same period. Average years of service in the enlisted force have increased from 5.55 to 5.93 years.

Although enlisted retention is now at high levels, some small shortages still exist in certain skills. This is particularly true in skills that are highly marketable in the private sector or that involve particularly arduous duties. The shortages are primarily in the middle grades and are being alleviated by improved bonus programs, better promotion opportunities in shortage skills, and retraining/reclassification programs.

The most serious officer shortage problems are in nuclear-trained submarine and surface officer communities from the grade of Lieutenant Commander to the grade of Captain. By fiscal year 1986 our shortages in these areas could be as high as 22 percent. It is imperative, therefore, that we continue to get congressional support for incentive programs for these officers.

Our pilot shortages have decreased dramatically from over 5,000 in fiscal year 1981 to under 1,000. Pilot retention is affected by hiring in the airline industry. As a result of airline deregulation, hiring has fluctuated quite a bit in the last several years. We are watching this situation very carefully to ensure that we remain competitive.

Another problem that we have related to officers is difficulty in the management of flag and general officers. We urge your support for passage of legislation that we intend to resubmit to establish a comprehensive framework for managing flag and general officer requirements. We need to get away from the temporary solutions of the past couple of years.

We continue to make excellent progress in increasing the role of women in the armed forces. They will continue to be provided the opportunity to pursue careers for which they qualify. This means that military women can and should be used in all roles except those explicitly prohibited by combat exclusion statutes and related policy. Today almost 10 percent of the active force is made up of women. This compares to approximately 2 percent at the end of the draft and about 8 percent in 1980. The number of military women will continue to grow over the next 5 years because we will increase the opportunities available to them and will ensure that women are made aware of these opportunities.

We also continue to make progress in increasing the opportunities for minorities. Minority officers now constitute approximately 11 percent of the active officer corps. There has been a 25 percent increase in the number of minority officers since 1980. One trend that concerns me, however, is the tendency of minority junior-grade officers to leave the services at a higher rate than their nonminority counterparts; we are trying to discover the reasons for this trend so that we can remedy it. Minority enlisted percentages remained relatively constant during the past 4 years at about 30 percent.

Since this administration took office, we have placed strong emphasis on improving military training as an important way of enhancing force readiness. We believe that the Services can benefit from improved coordination and information exchange on the use of training technology. One major initiative in this direction has been the establishment of the Defense Training Data and Analysis Center (TDAC) in Orlando, Florida. TDAC will serve the entire Defense training community through the collection and analysis of training data and the dissemination of lessons learned. We have also tightened coordination of key training issues within the Office of the Secretary of Defense and the Joint Staff through the establishment of an OSD Steering Committee on Training and Training Technology. The service budget requests for fiscal year 1986 provide the resources for sound, realistic training. The penalities for stinting on training resources are severe, and we ask your full support for our training programs.

The Veterans' Educational Assistance Program (VEAP), our current educational benefits program, will be suspended on July 1, 1985 and will be replaced with a new program, the "Veterans' Educational Assistance Act of 1984" (GI bill). To ensure that this new education program meets the department's recruiting and retention needs, we will shortly be requesting certain legislative changes to allow for a more orderly transition from VEAP to the new GI bill.

As I indicated in my statement last year, much of the success of our recruiting and retention programs can be attributed to improvements in military compensation since 1980. The two large pay increases in fiscal years 1981 and 1982 were very important in making up the substantial gap that existed between military pay and private sector wages. Equally important were the implementation of the Variable Housing Allowance (VHA) and significant increases in special and incentive pays, bonuses, and travel reimbursements.

The compensation program we are proposing for fiscal year 1986 is a comprehensive package designed to continue the successes we have achieved in recruiting and retention and to improve the quality of life of service members and their families. In light of the Governmentwide efforts to reduce the Federal deficit, we are requesting only a 3-percent military pay raise for fiscal year 1986. Recognizing that this will not match projected private sector wage growth, we are asking Congress to reduce the impact of a smaller pay raise by approving it one quarter early, making it effective July 1, 1985.

In addition to the 3-percent pay raise, we are also requesting approval of substantial improvements in Permanent Change of Station (PCS) reimbursements. These include:

A graduated increase in household goods weight allowances to a minimum of 5,000 pounds for junior enlisted members and a maximum of 18,000 pounds for senior grade enlisted members and officers,

A travel allowance for dependents of junior enlisted members in CONUS, and

Funding for up to 4 days temporary lodging expenses not to exceed $110 per day.

These changes will allow for a fairer reimbursement of the costs of the PCS moves that we require of our men and women. When making a PCS move, the average service member is now reimbursed for only about one-fourth of the out-of-pocket expenses incurred. In addition, over half of our service members need to borrow money to cover their PCS moves. I am unalterably committed to ensuring that the costs of Government-directed moves are borne by the government, not by individual service members.

We are also studying a dental care program for dependents of active duty personnel. Such a program may be needed if military medical programs are to continue to compare favorably with private health care plans and remain an effective recruiting and retention incentive.

In addition, we are considering legislation to implement those recommendations of the Fifth Quadrennial Review of Military Compensation which are designed to improve our special and incentive pays and survivor benefits.

We ask for equity in the dependent student travel program. As authorized, the dependent student travel program provides long-sought equity for service members overseas. In its original form, the program authorized government funding of one roundtrip per year for dependent students from their sites of education in CONUS to their parents residences overseas. Federal civilians overseas already have this benefit. The authority was subsequently modified to eliminate funding of the CONUS portion of travel for dependents of military personnel but to retain it for dependents of DOD civilians. I am strongly opposed to this modification because it is inequitable and because it imposes an added financial burden on military parents who are required to serve overseas. We solicit your support in correcting this inequity.

Additionally, it is essential that our members be protected from a reduction in pay through changes in Federal tax policy. Current tax treatment of allowances and other military benefits is integral to the military compensation system and should not be changed without corresponding corrections in the total military pay package.

The Department of Defense has not yet submitted any recommendations for reform of the military retirement system. Because of the nature of this issue, it is constantly under review. The current system is fulfilling its purpose as a management tool for manning the force with the quantity and quality of people required to sustain a ready force. Consequently, in order to alleviate any adverse effects on force manning, any changes to military retirement must be done in the context of the overall compensation package. In addition, it should be noted that this year's budget contains a provision whereby Government retirees, including military personnel, will not receive a cost of living adjustment in 1986.

While compensation is tremendously important, it is not the only factor that affects recruiting and retention. Poor working and living conditions discourage people from enlisting and reenlisting and, therefore, hurt the readiness of our forces. We recognize that service members make career decisions based on the perception they and their families have of the quality of their lives; we feel that an important part of the commitment we have to our people is to provide them excellent installations on which to work and live. As a result, with your assistance we have increased the average annual investment in facilities over that of the late seventies by more than 35 percent. This increase has resulted in major improvements to facilities in CONUS and overseas that have raised the productivity of our people.

In an effort to improve productivity at our installations, we began an experiment a year ago designed to give selected installations more authority and control over their own resources. The experiment, our Model Installations Program, has resulted in much deregulation, increased attention to installations by their commanders and staffs, and most importantly, improvements in the facilities and operations of these selected installations that have been funded by the money saved by good ideas.

We feel we must provide our military families at least a basic level of services normally provided by civilian communities. Therefore, our installations' support program includes a wide range of community facilities. For example, we are operating 272 family service centers on DOD installations worldwide. To meet the growing demand for child care, the Department operates nearly 550 child care facilities on some 400 installations worldwide. Family day-care programs are also being expanded. Funding priority is given to facilities in locations that have an absence of such support, especially at new or expanded mission sites. We believe the burden of the cost of community facilities at such sites should be borne by appropriated funds.

Our investment in facilities affecting the quality of life of our service members and their families is paying off. Everywhere I go, our commanders report marked improvement in working and living conditions. In the work areas, our efforts have engendered pride and improved the morale of the troops.

Even though we have accomplished a lot, much remains to be done; we need the continued support of the Congress for the family, bachelor, and troop housing programs requested in our Military Construction Bill as well as for those programs requested in our Defense Authorization bill.

Our attention to the quality of life of our people encompasses more than construction, renovation, and maintenance of our physical plant. It includes many individual DOD programs that contribute to sustaining personnel readiness by recognizing the importance of the people that make up the armed forces. Among these programs are medical care, child care, religious activities, commissaries and exchanges, and other family support activities.

Last year, we created the Family Policy Coordinating Committee to bring together policymakers throughout DOD to shape and influence family support efforts. As part of these efforts, we have commissioned a DOD-wide family survey to poll approximately 131,000 service members and 75,700 spouses on their satisfaction with military life and needs for additional support. We have extended our efforts to work with agencies outside DOD in support of family programs. Additionally, we have made great strides in incorporating family issue awareness training into officer professional school curricula. To ensure that we maintain our momentum in this area, I have established an office of family policy reporting directly to me.

I do not want to leave the subject of military families without calling to your attention the important subject of our overseas schools. Since 1979, the Department of Defense Dependents Schools (DODDS) have been operating under the statutory requirement for their transfer from the Defense Department to the Department of Education. In response to our legislative initiatives, the transfer has been postponed by Congress twice; although on both occasions, a permanent repeal was not passed. The current mandatory transfer date is May 1986.

Both DOD and the Department of Education endorse a permanent repeal of the transfer requirement. A repeal is desirable for several reasons. The overseas schools have clearly demonstrated their excellence, which to a large extent is due to the leadership and support provided by the Department of Defense. They are unquestionably an academic success, as evidenced by student performance on nationally administered tests such as the Scholastic Aptitude Test. School administration, logistical support, facilities maintenance and construction, personnel services, and budget preparation are best carried out by the Defense Department. The school system has been an integral part of the Defense family for nearly 40 years, and its transfer to the Department of Education will create a myriad of technical and legal problems in these critical areas of support. Service personnel appreciate, expect, and are entitled to the excellent education DODDS provides their children. The transfer of DODDS to the Department of Education would not result in better educational opportunities for the children of U.S. service members overseas. I request your support in ensuring that DODDS is retained within the Department of Defense.

Before leaving the subject of people serving overseas, let me point out that we recently completed a review of the fiscal year 1986 requirements in European NATO countries and found that we need at least 329,869 U.S. military personnel permanently stationed ashore in these countries at the end of fiscal year 1986. However, the statutory ceiling on this number will only allow us to have 326,414.

The Secretary of Defense, the Joint Chiefs of Staff, and I hope the Congress will repeal the permanent ceiling on European troop strengths. We are managing this issue aggressively and will continue to ensure that the number of military people in Europe is minimized, consistent with our need to have a strong deterrent partnership with our allies. We will inform the Congress of our plans for European strength each year in the Defense Manpower Requirements Report.

RESERVE COMPONENT MANPOWER

Although some of the management functions related to Guard and Reserve activities are now handled by the Office of the Assistant Secretary of Defense for Reserve Affairs, I am still responsible for Total Force manpower policy; that is, for analyzing our overall manpower requirements and allocating the total force structure between the active and reserve components and between the civilian and military components.

The Reserve Components are key elements of our Total Force. In fiscal year 1984, Selected Reserve strength reached an all-time record level of almost 1,046,000 members. For our Selected Reserves in fiscal year 1986 we have requested an increase of 47,100 from the fiscal year 1985 level, almost double the increase requested for the active forces. My policy continues to be to use reserves wherever possible. The over one million members of the Selected Reserve are highly trained, highly skilled professionals whose sense of duty and demonstrated ability are cornerstones of our national defense.

In the event of a conflict, the individuals and units of the Guard and Reserve will deploy with the active forces. Current mission assignments demand that many of their units be as fully capable, and as professional, as their active component counterparts.

Total defense costs are reduced by maintaining significant military capabilities in a reserve status rather than maintaining all military forces on active duty. However, the proper mix of active and reserve forces is more than just a matter of cost. We must consider overseas deployments and peacetime missions for which, in many cases, part-time reserve forces are not appropriate. We must ensure that there are sufficient active forces for the early stages of reinforcement to NATO or to trouble spots elsewhere in the world.

Last year, at your direction, we re-examined the way we make decisions about the mix of active and reserve forces. During this review, we discovered that each decision must be addressed on its own merits. We also found that a decision to add or transfer units or missions to the reserve forces requires long-term planning and preliminary funding.

The mix of active and reserve forces must be decided in a deliberate process in which the differences in capability and cost of the active and reserve choices are weighed so that a balance is achieved between the competing demands: a credible deterrent and a realistic, sustainable warfighting capability at least cost.

CIVILIAN MANPOWER

Our civilians constitute another of the critical building blocks used to provide a cost-effective mix of resources to carry out the Department's mission.

At the end of fiscal year 1984, the Department of Defense employed 1,085,474 civilians. For fiscal year 1986, we are requesting funding for a level of manpower resources of 1,106,828, an increase of 19,052 or 1.7 percent over the fiscal year 1985 authorized level. The growth will occur principally in readiness-related areas such as spare management, maintenance support, and auditing and control functions. We are also continuing our efforts to civilianize functions that do not require military personnel.

Most DOD civilians perform functions essential to near-term military readiness:

Nine percent of the fiscal year 1984 civilians were employed in auxiliary functions such as research and development and centrally managed communications.

Thirty-five percent were employed in logistics functions.

Fifty percent were employed in base operations, real property maintenance, training activities, medical care, and other associated activities directly in support of our military.

One area where civilians make a significant contribution is the Defense Agencies. The Defense Agencies exemplify the Department's long-standing emphasis on improving the way we accomplish our mission. They have been organized under authority granted to the Secretary of Defense to integrate under a single agency any supply or service activity common to more than one military department whenever he determines that this arrangement will be more efficient, economical, or effective.

The Defense Agencies are essentially civilian organizations, although there is always a small mix of military staffing to ensure that there is an adequate understanding of the requirements of the services. The basically civilian makeup of the Defense Agencies ensures economies of pay, longer corporate memories, and higher technical skills than is readily achieved from a military manpower pool with its frequent personnel rotations.

The distribution of civilians among the services and the defense agencies is based on the changing missions of these components, the differing workloads associated with those missions, and the Department's use of alternatives to the civilian work force. These alternatives include using temporary employees and overtime, contracting workloads the private sector in compliance with OMB Circular A-76, and using capital equipment as a substitute for more costly labor.

Under the A-76 program, the Department has competed approximately 35,000 positions with the private sector since 1979. In-house forces won about 50 percent of the competitons. The A-76 competitive process is now saving us about 30 percent of the original cost of doing business—about $410 million annually. We intend to continue our efforts to achieve economies and efficiencies through the A-76 program, while accommodating Congressional guidance on this program

We also conduct DOD-wide efficiency reviews of all support activities not subject to the A-76 cost comparisons. These reviews analyze mission assignments, establish performance work statements for these missions, and then seek out and employ the most efficient methods for performing these requirements.

We involve our DOD work force in productivity by using behavorial techniques such as Quality Circles, performance-based incentive systems, job enrichment, and organizational development programs. We also have in place a range of Productivity Enhancing Capital Investment programs to encourage and finance cost-effective investment in equipment and technologies.

The fiscal year 1985 DOD Authorization Act excluded all DOD operations from civilian ceiling controls. This exclusion followed the lifting of civilian ceilings in DOD industrially funded activities in fiscal years 1983 and 1984. I have issued guidance to the Services and Defense Agencies on operating without civilian ceilings. The guidance stresses prudent and efficient management, including an increased emphasis on labor-saving initiatives. On March 1, 1985, we will provide a report to Congress on the results of operating without ceilings. We appreciate the opportunity Congress had given us to show that the Department of Defense can manage its civilian work force efficiently and effectively without end strength controls. Our fiscal year 1986 request anticipate operation without personnel ceilings and we request continued relief from statutory ceilings.

While Congress has helped us by allowing us to operate without civilian ceilings, congressionally mandated management headquarters reductions have caused a great hardship. In fiscal year 1984, the DOD Authorization Act imposed a 5-percent across-the-board reduction to Defense management headquarters. The fiscal year 1985 DOD Authorization Act imposed another 2 percent across-the-board reduction, with a specific ceiling of 1,765 spaces for the Office of the Secretary of Defense (OSD).

Over the past several years, the Department has made a concerted effort to strengthen program and policy oversight from the OSD level in order to reduce waste and improve the management of DOD resources. However, during this same period, there has been increasing pressure from Congress to reduce the size of OSD which has worked at crosspurposes with that effort. If the Secretary of Defense is to manage DOD effectively and satisfy congressional requirements in a timely manner, he must have the requisite manpower resources at his disposal.

Effective management of the Department is a major undertaking, and we believe that an OSD staff of 1,765 is extremely small for this purpose. This is approximately 500 fewer people than were employed in OSD ten years ago, even though the scope, complexity, and importance of the work performed by the staff has not diminished since then. In fact, during this period, the Congress has placed an ever-increasing burden on the management headquarters staffs to provide information, present testimony, and respond to congressional directions. For example, the number of statutory provisions in the DOD authorization and appropriations bills has increased more than 200 percent from fiscal year 1970 to fiscal year 1985, other actions directed by Congress have grown 1,000 percent, and the reports and studies required by the Congress have gone up by 1,200 percent. Further, the OSD staff amounts to less than one twentieth of one percent of the Department's total authorized manpower.

CONCLUSION

We are proud of our accomplishments and mindful of how far we have come in the past 4 years. But we should not become complacent; to do so would put at risk what we have accomplished. A number of manpower challenges still remain.

To meet current demands, and at the same time provide a sound foundation for the future, we request your support for:

Increases in the fiscal year 1986 active component military manpower strengths of 1.2 percent over fiscal year 1985 levels;

Support for our compensation initiatives, especially those involving PCS; and for all programs to improve the quality of life for military families;

Permanent repeal of the transfer of DODDS to the Education Department;

Increases in recruiting resources;

Increases in resources for Selective Reenlistment Bonuses and Special Duty Assignment Pay;

Passage of general and flag officer legislation;

Continued support for training resources including ammunition, fuel, repair parts, and other resources that support flying hours, steaming days, and other forms of training activity;

Support for our legislative modifications of the new GI bill;

Increases in fiscal year 1986 funding to support civilian manpower in readiness related areas such as spares management, maintenance support, and auditing and control functions;

Recision of the 2 percent cut in Defense management headquarters strength and the end strength ceiling of 1,765 on the staff of the Office of the Secretary of Defense.

With your help, we can successfully maintain the armed forces that we have rebuilt and continue the work of planning for the future.

Senator **Wilson**. Thank you very much, Dr. Korb. I thank you for your statement, and I congratulate you on the very real successes that all the services have enjoyed during your tenure in office.

I think that all of us who have traveled to military installations, both within United States and abroad, would confirm your testimony that there has been a marked improvement in the caliber of military personnel, and in fact, that unsolicited testimonial has come from the commanders whose installations I have visited last summer, for example.

And a very quick tour of NATO installations in July, visting the Air Force in England, the Army in Germany and the Navy in Italy, I heard and saw evidence that we have come a long way in a very brief period of time. And I think a very significant part of that has been the efforts that have been made by each of the services, with some congressional assistance, to try to improve the quality of life of both officers and enlisted personnel.

RECRUITING AND RETENTION

Today, however, we are confronted with a very different situation certainly with a changing picture in terms of the external setting that relates to recruiting and retention. Unemployment is down dramatically; military pay, as you have just pointed out, is lagging behind civilian wages for comparable or roughly comparable occupations; the issue with respect to the requested pay raise in the fiscal year 1986 authorization request is a subject of debate; and the pool of qualified 18 to 24 year olds in the general populations is declining. We are past the baby boom.

With all of these factors in mind, Dr. Korb, what is your view of the likelihood that the services can continue the kind of success that is so clear? And specifically, what is your opinion of their ability to continue to grow to program levels with the quality goals now set over the next 5 years without vast increases in the manpower funding accounts?

Dr. **Korb**. Well, Senator, let me make a couple of points about that. First of all, the decline in the youth cohort, or the available population, began in 1979. We are now talking about 1986. That is the budget we have before you. That is 7 or 8 years into that decline, and it bottoms out in 1992, so we are more than halfway through it.

In spite of the fact that the available cohort has declined each year, we have not only met our goals, but we have improved quality each year. Now, it is true that unemployment was comparatively high among youth in the early part of the 1980's, but as the unemployment has dropped in fiscal 1983 and 1984 we have also not only met our goals, but we have improved the quality. So I am confident that we can continue to do that.

Our program goals are modest in terms of the size of the force that we are talking about. We are talking about an active duty increase this year of roughly 25,000 people, which is not a great deal.

The way in which we have grown over the last couple of years is interesting. If you take a look at the late 1970's, we were taking in over 400,000 new recruits a year. Because retention has improved so dramatically, last year we only took in something like 320,000 new recruits; because retention has been higher, we more than offset the decline in available cohort on a percentage basis by our improved retention.

Senator WILSON. Three hundred and twenty thousand last year, and you compared that to what?

Dr. KORB. Fiscal 1977 where we had to take in 411,000.

Senator WILSON. Go ahead. Excuse me.

Dr. KORB. If you take a look at that, we more than offset on a percentage decline the numbers that we needed.

I would also like to point out that in my view the whole demographic question has been seriously overstated. Certainly it is a concern. But if you take a look at fiscal 1987 we will be at the level we were in terms of the percentage we needed where we were in the mid 1970's, and by 1992, at the bottom of this, we will need the same percentage of the youth population as we did back in 1966.

So I do not think it is as if we are going back to the 19th century in terms of the available people. The key in my view, to getting and keeping the people is that they are treated fairly, and that military service remains an honorable profession.

Senator WILSON. There is, of course, a significant difference which has made your job far more challenging, and that is the fact that we no longer conscript.

Dr. KORB. I understand that, but the force is also considerably smaller than it was in 1966, and in 1974 and 1975 it was a volunteer force.

Senator WILSON. Having made the announcement earlier that we are anticipating a session with Senator Rudman on his proposal next Wednesday, I am somewhat hesitant to broach the subject now, but because you are here and will not be at that point, let me do so.

FREEZING MILITARY PAY

As you are aware, I am sure, Senator Rudman, who is a member of the Defense Appropriations Subcommittee, has announced a proposal to freeze military pay and to deny the active duty and civilian employee increases requested in the fiscal year 1986 authorization request, and to implement a 10-percent reduction in active duty and civilian support and auxiliary personnel.

If you have comments of a general or specific nature that you would like to make, I would invite you to do so now while you are here, and if you wish to be represented at that hearing, I certainly invite you to avail yourself of that opportunity.

So having both, feel free to take advantage of the first one now.

Dr. KORB. I would not miss this opportunity for the world, Mr. Chairman, because I think this is a very, very important thing to put into perspective.

First of all, in terms of the pay raise, as I mentioned, we are now about 7 percentage points behind what we call comparability or wage levels in the private sector. If we get the 3-percent pay raise in July, we will still be almost 10 percentage points behind, if wages in the private sector continue to grow as projected. Without the 3-percent pay raise we will be almost 13 percentage points behind.

When this administration came into office, one of the things that we moved right away to do was restore comparability. At that time we were 4.8 percentage points behind comparability. In other words, we are farther behind now than we were at the beginning of the administration. And I think if we go down that slippery slope again, we can be inviting the same type of trouble that we saw in the latter part of the 1970's.

CRITICAL SKILLS PERSONNEL

Senator WILSON. Dr. Korb, when you cite that statistic, can you be a little more specific as to its application? Are we talking now about those critical skills that you mentioned in your written statement, or are we talking about the nuclear engineering officers on nuclear submarines, the pilots, the communications specialists, or are we talking about the general run of all officer-enlisted classifications?

Dr. KORB. We are talking about the whole spectrum of people—this is basis pay—when we refer to comparability. In other words, everybody gets it for services rendered. It does not include bonuses or the special and incentive pays used to address specific skill shortages.

Senator WILSON. So I can correctly infer that what you are saying, with regard to base pay, applies with still greater force to those specialists that are in acute shortage and which the private sector is competing for?

Dr. KORB. The way to deal with those shortage specialty skills is through the special and incentive pays. Of course, that is another area where we asked last year and are asking again this year to restore the buying power that has been lost.

And second, on the second part of Senator Rudman's proposal where he talked about somehow or another cutting 10 percent of the support force without impacting readiness by getting rid of the so-called fat in the force or support forces, I think that if you take a look at the way in which our force is set up you will find that just because we call something support does not mean that it does not play an important role.

For example, if you take a look at people on a ship, you will find out a radio repairman would not be considered combat; he would be support. But certainly a radio repairman is very vital to the operation of the ship, and I would hate to send a ship to sea without radio repairmen on it.

I think if we are going to take a look at our manpower structure, we must do whatever we do in a balanced way. If we build it up, we must do it in a balanced way. If we cut it back, we must do it in a balanced way.

Shy Meyer, who was the chief of staff of the Army when I took this job, used to talk about a hollow Army, and what he was referring to, among other things, was that we had gotten rid of so much of the support structure that the Army could not last very long once it got into the field.

So by and large, I think that a lot of these labels which we use for administrative purposes do not convey the true picture. I would hate to go to war, for example, without intelligence support.

Senator WILSON. Before we leave the subject of wages, have you penciled out what in your mind would be required to achieve comparability?

Dr. KORB. Well, as I say, right now if we wanted to get back comparability, we would have to have a pay raise of about 6.9 percent today. For fiscal year 1986, with the projected private sector wage growth, it would have to be 9.6 percent.

Senator WILSON. And in dollars that would amount to what?

Dr. KORB. Well, for every percentage point it is about $600 million now because we have accrual accounting for retirement. So to achieve comparability in fiscal year 1986, it would be $6.2 billion roughly.

CIVILIAN END STRENGTHS

Senator WILSON. You have already addressed this subject, but I would like to ask you a few further questions. As you pointed out, during this fiscal year the Department is operating with civilian end strengths as part of your 1-year test program. Furthermore, the use of any end strength constrainer limitation for management of civilian personnel in the Department is prohibited during fiscal year 1985.

I have two questions. Although it is relatively clear how the Department could operate without a congressionally mandated single figure end strength, I am not clear on how the Department has implemented the prohibition against the use of end strength as a management tool through the Department.

Would you please explain how this prohibition is working?

Dr. KORB. Well, essentially we have told our people to manage in an effective, economical manner using funded workload and mission to drive the status of the work force. In other words, we give our commanders a job to do, we give them the resources to do it, and let them decide how many people they want to employ to get it done.

We do not have the situation that we had in previous years where we had to pass out ceilings and say regardless of what you have to do or how much money you have, you can only have *x* number of people on your payroll the 30th of September. And so, in effect, the commander would have to get people off the payroll in order to get down to that particular end-strength number.

Senator **Wilson**. As you are aware from our previous discussions, while I can see some validity to your arguments that the Department can manage the civilian work force more efficiently and effectively without having to meet a congressionally imposed end strength on the last day of a given fiscal year, I am concerned about the subcommittee and the entire committee being able to exercise appropriate control over the size and cost of the work force, now numbering upwards of a million.

It seems to me that perhaps one alternative would be to authorize a single consolidated level of appropriations for the compensation of civilian personnel within the Department. The Department would then be free to manage its work force within that level of appropriations in the most efficient and economic manner.

It sounded from your last answer as though that is what you are trying to pursue now. Of course, as the budget is now presented and justified, civilian personnel costs are spread through the operations and maintenance accounts among the various services and the defense agencies and through a number of budget activities, as well as in some of the research and development accounts.

Give us your comments concerning this approach, this budgeting and accounting approach. And would you provide us either now or at some time in the near future the requested funding levels and the actual expenditure levels for civilian personnel employed by DOD for each of the last 5 fiscal years, as well as the consolidated dollar level for each of those last 5 years?

Dr. **Korb**. Well, I certainly can provide those for the record.

[The information follows:]

CIVILIAN PERSONNEL FUNDING LEVELS

The requested funding levels (Direct plus reimbursements) and the actual expenditure levels (Direct plus reimbursements) for civilian personnel employed by DOD from FY 1981 through FY 1986 are as follows:

DIRECT HIRE: CIVILIAN COMPENSATION AND BENEFITS [1]

[Dollars in millions]

	Gross Presidential budget request [2]	Gross actual	Gross change
Fiscal year:			
1981	20,566.0	22,070.4	+1,504.4
1982	23,149.5	24,166.2	+1,016.7
1983	25,207.9	26,113.3	+905.4
1984	26,162.0	27,536.3	+1,374.3
1985	28,412.1		
1986	28,366.9		

[1] Does not include funding for indirect hires (which are accounted for in object class 25 (contracts) of the Budget).
[2] Includes contingency for civilian pay raise.
Source: Financial Summary Tables, OSD(C).

DISCUSSION

The variations between the civilian compensation amounts requested and actually obligated highlight the need for flexibility within the appropriations which pay the civilian work force. In the past years, the Department has been faced with a variety of different situations involving civilian work force levels and approved financing. We have had manpower requests partially disapproved; we have had spaces added to our request. At times, we have had space adjustments without adjustments in dollars and vice versa.

The Department needs the flexibility afforded by the current operating accounts to accommodate workload surges or reductions. Defense managers should have the flexibility to choose the most economical method of accomplishing the Department's missions. These choices include the judicious use of overtime, productivity enhancing capital equipment, reliance on the commercial sector, and even additional manpower.

The Department strongly opposes any thought to restrict current fiscal flexibility or to "fence" civilian salaries in the operating accounts. Execution of such a plan would be a managerial nightmare.

Dr. KORB. Senator, let me make, if I may, a few comments about the general principle.

As you know, our budget is drawn up a long time in advance of actual execution. The budget you have before you now was started well over a year ago. We did the basic programming of that budget some 8 or 9 months ago.

It will go into operation 7 or 8 months from now. Things change, and the more difficult it becomes to move things from one category to another, the more difficult it becomes for us to accomplish the tasks that we feel we need to do.

I think that lifting the civilian ceilings, which I applaud the Congress for—this was a congressional, not an administration initiative—is the way to go, because to the extent that one can make Government more efficient, this is a step in that particular direction because it gets away from any artificialities or fences and controls by workload and by dollars.

Senator WILSON. Thank you.

Let me note what is obvious to those who pay attention to the affairs of this committee, that we have been joined by the distinguished senior Senator from South Carolina, Senator Thurmond, who has a long history of active interest in the affairs of the subcommittee. And I am delighted that he has chosen to retain his membership on the subcommittee, and we will look to him for the kind of energy and wisdom that distinguishes his other activities.

I do not want to monopolize the questioning. I will relinquish the floor now to Senator Glenn for what questions he may have.

Senator GLENN. Thank you very much, Mr. Chairman.

Senator WILSON. Let me ask first, Senator Thurmond, do you have a statement you wish to enter in the record?

Senator THURMOND. Well, let him go ahead, and I will make a statement and ask a few questions later.

REDUCING ACTIVE DUTY AND CIVILIAN PERSONNEL

Senator GLENN. I would like to discuss the Senator Rudman proposal for a few minutes. I know you addressed that briefly. The proposal reduces by 10 percent the number of active duty and civilian personnel assigned to support functions in the Department of Defense—support functions only.

Now, I would like to get into that a little bit further, because General Wickham, you know, testified over at the House Armed Services Committee that the Army has grown, and I quote him, "top heavy with noncombat capabilities." And he further commented that there are more communicators in Germany than infantry soldiers.

If this is the case, it is difficult to believe that you could not really cut 10 percent. I know from my own days in the military I used to think that the headquarters were bloated at that time, and today they are several times the size I guess that they were then.

Why can we not trim 10 percent out of the support functions? I am not proposing to RIF everyone, but certainly would it be possible just to say there are no more hirings in there as people are let go unless there would be a special petition? Of course you could not say 10 percent in every single office.

But is it impossible to meet that 10 percent in support functions?

Dr. KORB. Well, Senator Rudman's proposal was a 10-percent cut in the size of the civilian force, and a 10-percent cut in active military "support" forces.

But I think it is important to keep in mind—I would not disagree with General Wickham. In fact, my office has worked with his to get rid of some of these extra support people. For example, they found, based on an analysis, that the number of stevedores that they had in some units was based upon World War II type workloads that did not take into account the fact that you have containerization, for example. And we are constantly trying to improve that.

But what we are talking about, things we identify as support activities, would be crew training, combat crew training that we categorize as a support activity—air traffic control, medical, central logistics, repair, maintenance and supply depots.

And it is true that one of the categories you have in there is management headquarters, but that is only one out of probably 15 categories. And so if you are taking a look, I think you ought to remember that the Congress has in the past couple of years cut the management headquarters by 5 and 2 percent.

Senator GLENN. Well, I know that there is another thing on the other side, and I will argue with you just momentarily here. But as we get more technical and use our technical expertise, there is more requirement for equipment repair and things like that, so functions like that go up.

In other words, we try to emphasize the person who is actually pulling the trigger, whether he is flying an airplane, or driving a ship, or is a combat infantryman or whatever. And so it is natural that there also would be an increased supply and logistics tail behind that power capability as it increases in size.

But out of the Pentagon's magazine Defense 1984 there was a table in there I was interested in that showed combat personnel, 258,000, compared to 289,000 administration and clerical enlisted personnel, and 362,000 equipment repair personnel. Those are some pretty big ratios.

Dr. KORB. Well, again, I think you are talking about an administrative way in which we categorize people. You could take a look, for example, at some of our particular——

Senator GLENN. You mentioned carriers a little while ago, and I agree with you. A person on a carrier cannot be considered noncombat because he is a repairman. They are out there getting shot at, too.

So I agree these figures are a little erroneous. But even if they are pumped up by a considerable amount, they are still pretty much out of balance.

Dr. KORB. Well, the way we code things, Senator, is that people listed as combat are those who do nothing else. They do not do repair, for example, even though in fact these people are part of the units. If you take an M-1 tank battalion, about 40 percent of the people in there are not listed as combat when in fact they are with the battalion and actually are getting shot at.

Senator GLENN. Maybe you need to redo your tables then so we do not get misled on these things.

Dr. KORB. Well, again, I think these categories were developed by Secretary MacNamara back in the 1960's. He divided the budget into 10 program categories, and they have basically stayed the same since then.

Senator GLENN. You mentioned stevedores from World War II on the listing here a minute ago, and now MacNamara tables of organization here that have not been updated. It would seem to me those things could be updated on a little more timely basis than that. Is that an ongoing study?

Dr. KORB. I think you are missing my point here. The basic categories we still use are the ones that were set down when MacNamara came in and instituted planning, programming, budgeting in the Pentagon, and they were put into the programming categories.

What I am talking about is a particular type of table of organization which includes stevedores. The Army found and we found in scrubbing the Army's proposals that when they told us how many stevedores they needed, they based that on a World War II type situation. It had not been updated.

So I would agree with you, yes. And as a matter of fact, the Army has done quite well. The Army is basically showing you that they have added combat, they have added two new divisions within a fixed end strength over the last couple of years.

END STRENGTH INCREASE

Senator GLENN. OK. For fiscal year 1986 you are asking for an end strength increase of 25,630 active duty personnel. Will they break down in about the same combat to supply or logistics ratio, or will there be a better ratio on combat to support functions?

Dr. KORB. Well, about 15,000 is for force expansion in the Navy, primarily to man the new ships that are coming in. The Air Force increase is primarily for things like GLCM which, as you know, is being deployed, B-1B, KC-10's. The Marines are adding 1,200. And as you know very well, they are the least support heavy of all of the services.

Senator GLENN. Do you work with a ratio there that the various services use? You mentioned the Marine Corps. I believe the traditional staff school solution is 1 to 5 or something like that, if I recall correctly, and that is from many years ago. But do you use a different ratio? That would not be the same for all services.

Dr. KORB. Well, we look at each mission and each particular justification for increase that is scrubbed, as well as the base. And, for example, you find that your newer weapons systems, your Pershing

II as compared to your Pershing I, are much less manpower intensive.

I think we have to keep in mind that we today have the smallest Active Force that we have had in the history of this country since World War II. If you look at the period between Korea and Vietnam, the Active Force approached 2.5 million, compared to about 2.1 million today. So I think we are making very good use of the manpower that we have.

MANPOWER QUALITY REQUIREMENTS

Senator **Glenn**. Manpower quality requirements. We have been rather fortunate in having an increase in the educational level and so on because of the recession of a couple years ago, and so we are still benefiting from that.

As you look on out here into the early 1990's, though, and you have to do your planning ahead that far, of course, you begin to run into some real problems here on the numbers of 18-year-olds that are going to be around at that time, and you count some out for college and a few other things, which we may or may not argue over one of these days, you wind up with perhaps about a third of the projected population at that time being required by the military to meet our requirements, and that is without any expanded requirements even. I think it comes out to something like that.

Now, does this mean that we are going to have to go to a draft? Are you planning that, or do you have any proposals, or are you considering any discussions beginning this year in regard to what happens out there in those late 1980's or early 1990's time period?

Dr. **Korb**. Absolutely not, Senator. As I mentioned in response to Senator Wilson's earlier question which touched on this particular subject, we are confident that we can meet our goals through the rest of this downturn period just as we have already met them. We are more than halfway through the decline right now.

The proportion of people that we will need, for example, in 1987 is about the same as it was in 1974 and 1975, and the proportion that we will need in 1992, which is the bottom, is like it was in 1966.

And again, let me point out the fact that, back in 1977, we had to take in 411,000 new recruits. We will not have to take at any time through this period more than 350,000 recruits. And we are also taking now, as compared to then, a higher percentage of women. So I am confident that we can meet those numbers.

MILITARY RETIREMENT SYSTEM

Senator **Glenn**. Do you have any plans to propose any substantial changes to the military retirement system this year?

Dr. **Korb**. No, sir, we do not.

Senator **Glenn**. Last year the fifth quadrennial review of military compensation included a thorough review of the military retirement system with some possible changes suggested. What happened to those proposals, and will they be submitted to Congress as formal administration recommendations?

Dr. **Korb**. As you know, Senator, the report was submitted to Congress without a specific position by the administration. The feeling was that the proposals had to be accepted as a package, and our sounding from people on the Hill was that if they were sent up, from our viewpoint, the bad parts would have been accepted, and the good parts not adopted. And it had to be taken as a package.

For example, the bad parts, if you will, or the cost savers, would be a reduced cost-of-living allowance and a reduced multiplier. The good parts were what we called an early withdrawal, some people call it the retirement bonus. And what we envisioned in the quadrennial review was that the individual would trade a reduced multiplier and lower cost of living protection for an early withdrawal from his or her retirement fund.

The feeling was that Congress would not vote this early withdrawal, and we would be left only with the bad parts, which would hurt our force structure.

Senator Glenn. Well, you are always going to be up against that one, though, Dr. Korb. Congress' role and function up here is to pick up the parts that we put our own stamp of approval or disapproval on, and you cannot say it will have to come as a package and will not stand any amendment whatsoever, so you will not submit it. I think that is not realistic on how the system works.

Dr. Korb. I understand that, but our responsibility is to ensure that the total compensation system gives us the force structure that we need. Were we to have a significant reduction in the real value of the retirement system without any other corresponding changes in overall compensation, it would hurt our force structure.

Senator Glenn. Well, I agree that that has to be considered in toto, and that has been my argument around here all along is that if we are to change the system, going back to my own days, I know we put up at that time with a far, far worse salary system than is in effect now, way worse.

You know, it was like 2 to 1 at that time on what your civilian counterparts were making. But we had a good retirement system. You looked at that as deferred income. We all did. We talked about it that way. You put up with less, and when you got a good offer, as some of us did when we were doing test work and had offers as much as double what were making, but we looked at that retirement thing as deferred income.

Now people come around and say well, the retirement has gotten pretty big, so we ought to hack that back there some place. That is just breaking faith with people that already put their career in.

So I agree with you completely. If you are going to make changes, let us make them for people coming in, as I see it; then they know what they are getting. And the contract with their government that people had agreed to, that is not violated. That does not give us any immediate budget help, I must admit, but I do not think you can have people come in, spend their whole service career, and then go out and we say, well, we did not really mean that; we are now going to change it.

So I agree that the total compensation package has to be considered. If we are going to cut back in one area with people coming in, maybe it needs to be compensated some place else so it has the same attractiveness as a package.

Thank you, Mr. Chairman. I have gone over my time.

Senator Wilson. Thank you, Senator Glenn.

The Chair is pleased to recognize Senator Thurmond for a statement and questions.

Senator Thurmond.

Senator THURMOND. Thank you very much, Mr. Chairman.

Dr. Korb, it is a pleasure to have you here today before the subcommittee to receive your testimony on the status of our manpower in the active components. I am aware that Mr. Webb is going to take up the reserve.

It is important to note that today we have a new chairman of the Manpower and Personnel Subcommittee. He is the distinguished Senator from California, Mr. Pete Wilson.

Mr. Chairman, it is an honor and a pleasure to work with you, and I want to congratulate you on a fine job you have done on the committee so far.

Senator Wilson is an extremely dedicated and hardworking man and most deserving of this chairmanship. You may rest assured, Mr. Chairman, that the men and women of our Armed Forces will be represented in the Senate with you as the chairman of the subcommittee.

Senator WILSON. Thank you, sir.

CATEGORY PERCENTAGES

Senator THURMOND. Dr. Korb, I just have a few questions here. Would you give us the percentages of our recruits by mental category, such as Cat IV versus Cat I?

Dr. KORB. Well, in fiscal 1984, the last year for which we have full data, 7 percent of the new enlistees were in category IV. The remainder, 93 percent, were in categories I through III. Categories I and II were 41 percent of the new recruits. For the first quarter of fiscal year 1985, about 9 percent of the new recruits were in category IV; 38 percent were in I and II.

I might say that the percentage of high school graduates in 1984 was about 93 percent, and that number continues into 1985.

Senator THURMOND. High school graduates are 94 percent?

Dr. KORB. Ninety-three percent, sir.

Senator THURMOND. Dr. Korb, you make the case in your testimony for increases in permanent change of station funds. Do you have any figures on how much it costs servicemen and women to move their families on a normal stateside rotation?

Dr. KORB. Well, by and large, for every dollar that we pay them, it costs them three.

Senator THURMOND. It costs them $3?

Dr. KORB. Yes, sir. And as I mentioned in my testimony, about half of the people who move have to borrow money at the end their move.

TARGETED PAY INCREASE VERSUS ACROSS THE BOARD

Senator THURMOND. Now, I want to ask you a question. Would you prefer a 3-percent pay raise across the board, as has been suggested, or a targeted pay raise for the mid-level and senior noncommissioned officers?

Dr. KORB. I am opposed to targeting pay raises. We have special and incentive pays to deal with those particular situations where shortages exist. If we have a comparability standard, everybody in the service ought to be entitled to that comparability, because we do have differentials among the ranks, and we have differentials by the amount of time you have been in the service.

DOCTOR SHORTAGES IN MILITARY

Senator THURMOND. I understand there is a severe shortage of doctors in the military today, is that correct?

Dr. KORB. Well, the shortage is less than it was, but we do not have the number that we need. But I think we are making progress in that area.

Senator THURMOND. This could impair our ability to properly care for our wounded in time of war, could it not?

Dr. KORB. I think the real problem is in medical mobilization, not the number of doctors on active duty.

Senator THURMOND. Is this new medical school that we established out here helping to a considerable extent?

Dr. KORB. It is helping us get the right number of doctors for active duty. As I mentioned, that is not the problem. The problem is to have a surge capacity or mobilization capacity in the medical area which you would need if you went to war.

Senator THURMOND. I think that is all the questions I have right at this time, Mr. Chairman.

Thank you very much.

Senator WILSON. Thank you very much, Senator Thurmond. I felt like extending your time by 10 minutes the way you got off to that splendid start. I thank you for you kind words.

TARGETING OF PAY INCREASES

Let me pick up on your line of questioning with Dr. Krob. We are going to bring Secretary Webb on very shortly. But I am more than intrigued by the line of questioning that Senator Thurmond began with respect to the targeting of pay increases.

How can you reject the logic of that when in fact your own statement brings out that there are some acute needs beyond all others; that there is a far greater competition from the private sector for certain specialities and, if I am not mistaken, a considerable amount of your success in curing some of the retention problems has had to do with the fact that those classifications where we were really hurting were responded to by a pay increase that was targeted.

Dr. KORB. I would disagree. I think that the way in which we cured the retention problems is through bonuses. That is the way in which you cure them in particular shortage skill areas. I am afraid once we adopt the principle of targeting that we will then begin to target not just by grade but by particular specialty, and we will pay least the people who sacrifice the most, the people with no outside avenues, if you will, such as an infantryman. So we would have to pay the infantryman the least if we were going on that particular principle.

I think we need a basic pay system, what we call basic military compensation system, that is fair to everybody that is in the service; that the individual, regardless of what his or her job is, has a decent standard of living commensurate with age and experience.

And then when we have particular problems where we have competition from private industry, like an air controllers' strike, which we had 4 years ago, we use our bonuses to deal with those particular situations.

I think once you begin to target and you accept that as a principle, then you say not everybody in the military is entitled to a decent standard of living. And I just do not think—I know I do not want to get involved in that.

Senator WILSON. Well, we will have the opportunity to pursue this further when we focus on recruitment and retention. I will concede that we are not dealing with an entirely free market situation in terms of military recruitment and retention. On the other hand—and I am not arguing the efficacy of the bonus system, because I think it has been a useful tool—but we are talking about the real world, and the fact that there are some very great differences in demand. And it pains me to say that, as a former infantryman. I wish you had chosen another example actually.

Dr. KORB. That was chosen carefully. [Laughter.]

Senator WILSON. When I left the Marine Corps, I was delighted to learn that my civilian occupational specialty was that of armorer. Other than the Mafia, I could not really figure out where I could get a job.

In the interest of your time and that of Secretary Webb, we will excuse you. I would ask, however, that anticipating the hearing that will relate to military retirement, we have got some questions on that, and perhaps you can provide those for the record.

We thank you very much for your attendance today and look forward to your return very shortly.

Dr. KORB. Thank you very much, Senator.

Senator WILSON. It is now my pleasure to welcome Secretary James H. Webb, Jr., Assistant Secretary of Defense for Reserve Affairs.

Before he begins his testimony, I will take the Chair's prerogative of noting that not only is this the Chair's first meeting in the capacity of chairman—and I again thank my distinguished friend from South Carolina for his kind comments on that—but it is as well the first opportunity that Secretary Webb has had to testify before the subcommittee, and we are delighted to have him here.

Because it is his first appearance, I will share with the audience a few of the salient points of a distinguished career that has already included much despite his obvious youth.

He is a former marine and a Missourian, neither of which I will hold against him. He is a lawyer, which a number of people probably will hold against him. He received his J.D. from the Georgetown Law Center in 1975, and since the curriculum there was insufficient to fully occupy him, he spent some time as a student writing a book called "Micronesia and U.S. Pacific Strategy," and also conducted a 12-week study for the Governor of Guam on U.S. strategy in the Pacific and its affect on land issues in the Mariana Islands.

He is a writer of another kind, too and those of you who enjoy fiction and find some escape, I commend to you his novels, the

"Fields of Fire," a novel of ground combat in Vietnam from the perspective of a personal participant and observer.

He was, in January of 1979, the first visiting writer at the U.S. Naval Academy from which he had graduated in 1946—excuse me. I beg your pardon. He had graduated much, much later than that. He was born in 1946—but during that time, he completed a third novel, "A Sense of Honor," which I have begun and have not yet finished, and look forward to. So far it is very, very good.

In July 1981, after serving as assistant minority counsel and as the then minority counsel for the House Veterans Affairs Committee, he left Congress to write a book called "A Country Such As This," which was nominated for a Pulitzer Prize and the Pen/Faulkner award.

In addition to his fiction, he has written on a number of military subjects, on service roles and missions, on the draft, on strategy and tactics. Most relevant to the interests of this committee, he has written about key manpower issues. He has been a lecturer as well as a writer, and has received an Emmy Award from the National Academy of Television Arts and Sciences for his coverage of the Marine occupation in Beirut for McNeil-Lehrer, and has received more awards than we have time for.

I do not wish to embarrass him further. I will just say he is obviously a man of the arts, and his record I think speaks eloquently for his interest in his current occupation.

We are delighted to welcome you here, Mr. Secretary.

STATEMENT OF JAMES H. WEBB, JR., ASSISTANT SECRETARY OF DEFENSE FOR RESERVE AFFAIRS

Mr. WEBB. Thank you, Mr. Chairman.

I would just like to say that as a former infantryman, when I left the Marine Corps, they told me that I was going to be a State trooper.

Senator WILSON. That is a better offer than I had.

Mr. WEBB. Mr. Chairman and Senator Thurmond, it is a privilege to make my first appearance before your subcommittee. I would like to make a very brief oral statement, since my written statement is submitted for the record.

What I would like to do first of all, since there has been quite a bit of curiosity about what our new office has been doing, is to introduce my key deputies to you very briefly, and show the attempts that we have made to bring the total force policy into our staff.

We have about 69 people now assigned to our staff, or in process. We have members of all seven Guard and Reserve components, all four Active components, and also civilians, which at times is like trying to convene the General Assembly of the United Nations in order to get issues discussed, but we have a very healthy and creative environment.

Our mission, of course, is to work in the areas of manning, equipping, and training the force, and with that in mind, the three prinicpal deputates that I created on this staff were in the area of manpower and personnel, readiness and training, and materiel and facilities.

In manpower and personnel I have Gen. Stu Sherman, who is an active duty Air Force officer. He most recently served as the Staff Director on the Fifth Quadrennial Review of Military Compensation.

Senator **Wilson**. Welcome, General.

General **Sherman**. Thank you, sir.

Mr. **Webb**. General Sherman is known throughout the government as probably one of the most brilliant manpower experts in the military, either active or civilian. We are very lucky to have him.

In readiness and training I have Gerald Turley, who is a career Marine Corps reservist, did an enlisted tour in Korea as an infantryman and did two tours in Vietnam as an officer, and was a pioneer in the area of combined arms development out at Twenty Nine Palms before he left the Marine Corps. Mr. Turley also is an author.

For materiel and facilities, which deals with the equipment areas, we have Gen. Billy Jones, who has been an Air Force reservist and an Air National Guard officer. He was a test pilot. He most recently was adjutant general of the State of Georgia for 8 years. We are very fortunate to have General Jones also.

My principal deputy who is back minding the store, is Mr. Dennis Shaw. He is a major in the Air Force Reserve. We feel we have a good balance on our staff, and since this is my first appearance before Congress I wanted to recognize my key people, Mr. Chairman.

I would like also to acknowledge the significant contributions this subcommittee has previously made with its support of the Department's endeavor to strengthen and enhance the posture of our Reserve components. I believe the Reserve components represent tremendously improved forces in being which are well on their way to being fully capable of responding when needed.

MANNING, EQUIPPING, AND TRAINING

There is much more to be done in the areas of manning, equipping, and training to further develop and attain the capability required of our Reserve components. I look forward to working with you to meet the goal of enhancing the capabilities of the Guard and Reserve so that they can meet the burden of sharing a larger role in this country's day-to-day defense.

Between fiscal 1980 and 1984, Selected Reserve end strength levels increased by 23 percent. In fiscal 1984, the end strength of 1,045,828 surpassed the previous peacetime high of 1,006,000 attained in fiscal year 1959. A further strength increase included in the budget reflects the demands of new and expanded missions assigned to the Reserve components, and expansion of our full-time support capabilities.

The quality of Reserve enlistees in terms of the proportion that are high school graduates has also increased significantly. The end result has been better leadership, fewer disciplinary problems, and more effective training.

Continued growth in the Reserve components presents some new challenges for the Reserve components. The rate of increase for the

Active Force has been by design significantly less. Coupled with higher Active Force retention, this means that the number of people leaving the Active Force overall is now declining.

This change, in addition to a high attrition rate in the noncareer Reserve force and the declining number of 18- to 24-year-olds in the total population has placed increased demands on our Reserve component retention and recruiting efforts.

To help meet this challenge, we are requesting $94.5 million to fund the Selected Reserve portion of the new GI bill. Also, we are forwarding legislation as part of this budget submit to extend the bonus authority beyond the end of fiscal year 1985. We are examining the effectiveness of these incentives to determine their relative success and to be able to better understand the anticipated positive impact of the new GI bill.

We are also considering possible legislative proposals which include raising the enlistment and reenlistment cash bonus ceilings, a new prior service bonus to attract veterans with critical skills, special drill pay for seagoing Naval Reserve members, and extension of the student loan repayment authority to the lower three officer and warrant rates to attract certain technical and professional skills.

Full time support personnel assigned to the Reserve components perform day-to-day management, administration, training, equipment maintenance, and similar essential tasks. Overall, full-time support personnel numbers must increase as the Reserve components expand in size to support the requirements of specific units and missions.

Growth in the AGR personnel support area has been approximately 20,000 personnel between fiscal years 1980 and 1984, and an additional growth of about 28,000 is projected through fiscal year 1986 to a level of more than 74,000.

We are also requesting an increase of about 2,000 personnel in the military technician program between fiscal years 1984 and 1986 to a level of almost 64,000. While the size of the increases vary among the components, they are essential to effective management and training of the National Guard and Reserve.

A major challenge facing us is the provision of sufficient numbers, in quality and quantity, of pretrained individuals in addition to the Selected Reserve to fill out Active and Reserve components and replace early casualties in a mobilization. In 1970 there were about 1,600,000 individuals in the IRR. By fiscal year 1986 we are projecting to have about 500,000 individuals.

The problem is a natural offshoot of a volunteer environment and an increased retention rate in the Active Force. We have taken several steps, some new and some follow-ups on earlier initiatives to meet this challenge. They are included in the body of my remarks.

We are bringing a number of legislative proposals forward, Mr. Chairman. These are indicated in my written statement so I will not go through them.

I will just summarize by saying that today the National Guard and Reserve enjoy better status and readiness and continue to assume an increasingly important role in our defense strategy.

While some problems remain, I am confident that as we continue to improve the effectiveness of the Guard and Reserve, we will be improving the total capability of this Nation's defensive posture. That is and must remain our first and foremost aim.

This completes my oral statement, Mr. Chairman. I will entertain any questions you would like to ask.

[The prepared statement of James H. Webb, Jr., follows:]

PREPARED STATEMENT OF JAMES H. WEBB, JR., ASSISTANT SECRETARY OF DEFENSE (RESERVE AFFAIRS)

Mr. Chairman and members of the subcommittee:

It is a pleasure for me to appear before this committee and present an overview of the National Guard and Reserve Forces of the United States. However, I would first like to acknowledge the significant contribution that this subcommittee has made in its support of the Department's endeavor to strengthen and enhance the posture of our Reserve components. I believe at this point the reserve components represent tremendously improved forces-in-being which are well on their way to being fully capable of responding when needed. While I am most pleased with the progress that has been made since 1980, there is much more to be done in the areas of manning, equipping, and training to further develop and attain the capability required of our Reserve components.

We have recognized that conditions dictate that the Guard and Reserve should accept a larger role in this country's day-to-day defense. Reserve component missions and force structure consequently are being modified to reflect this expanded role. The following discussion outlines the progress we have achieved, plans that are underway, and some of the remaining shortfalls.

ARMY NATIONAL GUARD AND ARMY RESERVE

In certain instances, as a result of the "first to fight, first to be equipped" policy of the Department, early deploying Army National Guard and Reserve units are receiving modern weapon systems based on deployment planning rather than component status. During fiscal year 1984, more than $900 million worth of new equipment was issued to the Army Reserve components. In fiscal year 1985 more than $1.4 billion in new equipment is planned to be issued. This represents new equipment including the M-1 tank, UH-60 helicopter, Bradley Fighting Vehicle, M198 howitzer, and other modern support vehicles.

Modification of the AH-1H helicopters to the AH-1S will provide the Reserve components with a modern attack helicopter. Helicopter attack capability will also be improved with the fielding of two AH-64 Apache helicopter companies in the National Guard during fiscal year 1987. The AH-64 is the Army's first attack helicopter specifically developed for the day/night, adverse weather, anti-armor mission.

The missile armament posture of the Army National Guard will be significantly enhanced with the delivery of the TOW-2 missile system commencing in fiscal year 1986. This latest improvement to the TOW missile system will give the weapon a greater and more diverse kill capability. It can employed on the AH-1S attack helicopter, the Bradley Fighting Vehicle, the improved TOW Vehicle, and can be used by dismounted infantry.

Efforts are also ongoing to improve the air defense capability of the Army National Guard. The Army has completed a careful review of the Army National Guard Air Defense Artillery modernization. As instructed, they will phase out the U.S. Roland only after the majority of National Guard air defense battalions have completed modernization and the remainder have been scheduled to undergo modernization. They are confident that this can be accomplished by fiscal year 1989. Their plan will allow an expeditious by systematic modernization of the eight National Guard Duster Battalions, while maintaining total Army combat capability. This will require an equipment transfer from the Active component to Reserve component units and the acquisition of additional equipment. Accordingly, the Army plans to acquire 36 Chaparral fire units with support equipment and missiles in fiscal year 1987 for delivery in fiscal year 1989. This has all been woven into the National Guard air defense modernization plan and should cause minimal disruption to ongoing modernization initiatives.

The number of Reserve roundout brigades filling Army divisions increased from four to five in fiscal year 1983. The number of National Guard divisions increased from eight to nine during fiscal year 1984, with a further increase to ten planned for fiscal year 1986. The organization of the new Mechanized Division will continue during fiscal year 1985 and a Light Infantry Division will be activated in fiscal year 1986. Beginning in fiscal year 1985 and continuing through fiscal year 1986 the three National Guard heavy divisions will convert to the Division 86 design.

Increased National Guard and Reserve participation in field exercises has improved unit and individual readiness. For example, the number of Army Guard and Reserve units participating in training with overseas deployed forces increased from 117 in 1980 to 400 in 1984. Reserve compenent participation at the Army's National Training Center is being increased. In fiscal year 1985 five Reserve component battalions are programmed for training there. The National Training Center provides these units with the most rigorous combined arms training experience possible short of acutal war, and provides live fire training, with opposing forces, under realistic scenarios. To further enhance Guard and Reserve field training, the Amy has developed a program to provide the Multiple Integrated Laser Engagement System (MILES) equipment, a tactical engagement simulation system, to the Reserve components at their normal maneuver sites.

Guard and Reserve maintenance personnel training on state-of-the-art equipment still remains a major problem. Consequently, steps are being taken to provide hands-on training and instruction on modern force equipment. The Army is planning to establish Regional Maintenance Training Sites to improve the readiness of Reserve component maintenance personnel through military occupational specialty, transition, and sustainment training programs.

NAVAL RESERVE

Real progress has been made toward the modernization and integration of the Naval Reserve as a full fledged partner in the Total Force. Implementation of Total Force and Horizontal Equipment Integration policies is now providing the Naval Reserve with equipment compatible with the active Navy. As a result of these policy implementations, today's Naval Reserve is an essential component of our Navy and our national defense posture.

Modernization of the Naval Reserve Surface Force continues with the acquistion of two more FFG-7 Perry class frigates during fiscal year 1985. With four additional FFG-7s to be transferred during fiscal year 1986, the Naval Reserve Surface Force will have a total of six FF-1052 Knox class and nine FFG-7 Perry class frigates at the end of fiscal year 1986. This puts us past the half way point of attaining 26 modern ASW ships in the Naval Reserve Force before the end of the decade. To round out the ASW capability of these ships, the up-to-date SH-2F helicopter will be provided and employed onboard.

Improvement of the Naval Reserve Surface Force will continue into the future when the AO-177 class oiler enters the force. In addition, the Naval Reserve force will receive eight of the new construction MCM-1, Mine Countermeasures Ships and all 17 of the new MSH-1, Minesweeper Hunter Ships.

The newly implemented Craft of Opporutninty concept for an improved harbor clearance capability is well under way as six of these units join the Naval Reserve Force during fiscal year 1985. Six more units are programmed for fiscal year 1986. This concept provides for utilizing ships received by the United States Government as a result of a variety of legal actions and converting them for use in harbor clearance at designated ports. Three repair ships will also enter the naval Reserve Force in fiscal year 1986, and two new Reserve Mobile Construction Battalions and a new Mobile Inshore Undersea Warfare Unit will be organized.

Modernization of Naval Reserve aviation is also in full swing. The F-14 fighter is being introduced to the Reserve Carrier Air Wings during fiscal year 1985 and fiscal year 1986. The Naval Reserve is also transitioning from the A-7B into the more modern A-7E attack aircraft. Naval Air Reserve squadrons have already begun training in the new F/A-18 aircraft, with actual assignment of the aircraft to commence in fiscal year 1986. The Squadron Augmentation Unit concept initiated in fiscal year 1984 has also been successful in enhancing the training of Reserve augmentation aircrews in the same A-6, F-14, P-3C and E-2C aircraft employed by their gaining squadrons. Expansion of this program is planned.

The Navy's only combat search and rescue squadron, a Reserve squadron, will be using and evaluating the two UH-60 helicopters authorized and funded by the Congress last year.

The TACNAVMOD upgrade for the P-3A and B maritime patrol aircraft will be completed in fiscal year 1986, and upgrades continue to the AQA-7 acoustic processor on these aircraft. This will provide us with an affective near term Reserve component maritime patrol force. However, many of these aircraft will soon be reaching the end of their normal service life, and will require expensive service life extension programs (SLEP's). Concurrently the Soviet submarine force is undergoing extensive modernization, as is our active patrol aircraft force. Consequently, the deficiency in reserve equipment capability, as well as the gap between active and reserve comparability is again widening. Future reserve transitions to the P-3C aircraft must be anticipated. This especially important, since the Naval Reserve provides one-third on the Navy's total maritime patrol capability. As a preliminary step toward the future transition of the Naval Reserve into the P-3C aircraft and to assure fully qualified aircrew augmentation for active squadrons, the first of three Master Augmentation Units has been established. These units allow Reserve aircrews to receive hands-on training with the P-3C.

During fiscal year 1985 the last of the C-118 aircraft will be retired and the final increment of the used DC-9s will be procured for the Reserve Transport squadrons. This endeavor represents a major milestone toward improving the training readiness of the Naval Reserve.

MARINE CORPS RESERVE

The Marine Corps Reserve has changed its character in recent years. Once viewed primarily as a source of pretrained manpower for active unit integration, the Selected Marine Corps Reserve today trains as highly effective combat units. Today, Marine Corps Reserve units are committed to Active Force commands in contingency planning. In concert with the "first to fight, first to be equipped" policy, the Marine Corps Reserve will receive the major new ground equipment and weapon systems being introduced into the Marine Corps inventory.

The Marine Corps Reserve has made great strides in its mobilization capability so that trained units and individuals can be rapidly assimilated into a total mobilization effort.

To keep the Marine Corps Reserve adaptable to changing mobilization requirments, numerous structural changes are occurring. These include activition of the final portion of the 4th Medical and Dental battalions, a light armored vehicle (LAV) battalion, a Target Acquisition Battery, and the reorganization of infantry and direct support artillery battalions. To take advantage of the extensive Alaskan training in a true arctic environment, the first Selected Marine Corps Reserve unit will be activated in Anchorage in fiscal year 1985.

Modernization of the Marine Corps Reserve aviation wing is proceeding according to plan. The F-4 squadrons are presently transitioning to the more modern F-4S fighter, and a third F-4 squadron was activated during FY 1984. New KC-130T tanker aircraft have been provided to the Marine Corps Reserve and plans are being made to establish an additional KC-130 squadron in fiscal year 1986. Although progress has been made in aviation modernization, the Marine Corps Reserve aircraft are aging, and there are still shortages in attack helicopters and aerial tankers. Marine long term acquisition plans are addressing the shortages, and further modernization transitions are planned, following the active force upgrade to F/A-18 and AH-1T aircraft.

Combat training for the Marine Corps Reserve has taken a new course which no longer focuses on the unit home centers. During fiscal year 1984, Marine reservists trained in exercises around the world, which continued and increased their training integration with the Active Force during major exercises. The first brigade size landing since the Korean War was conducted with a Marine Reserve unit during fiscal year 1984.

AIR NATIONAL GUARD AND AIR FORCE RESERVE

As with the other service Reserve components, the combat capability of the Air Reserve Forces—consisting of the Air National Guard and the Air Force Reserve—continues to improve and significant contributions are being made to security and military readiness by augmenting the Active Air Force with enhanced combat capability. The commitment for continued upgrading, modernization, and expansion of the Air Reserve Forces is strong.

The Air National Guard and the Air Force Reserve provide 34 percent of the Air Force tactical fighter capability and are currently acquiring the highly capable F-16 fighter aircraft and the upgraded F-4E. In fiscal year 1986 the F-15 air superiority fighter will enter the Air National Guard inventory. The Air Reserve Forces are also acquiring the C-5 and C-141 strategic airlift aircraft, as well as new C-130H tactical airlift aircraft. The transfer of strategic airlift aircraft to the Reserve components began during fiscal year 1985 with the formation of one C-5A squadron in both the Air National Guard and the Air Force Reserve. To enhance the airlift capability two C-141B squadrons will be instituted during fiscal year 1986. Additional C-5A and C-141 aircraft will be transferred to the Reserve components as the Active Force acquires the C-5B and C-17 aircraft, and long-range plans call for the assignment of the C-17 to the Air Reserve Forces early in the next decade.

An aggressive modification program for existing Air Reserve Force aircraft is also ongoing. Enhancements in this area include equipping the F-4 aircraft with advanced AIM-9L air-to-air missile capabilities, low smoke engines, and improved radar warning receivers.

In an effort to provide meaningful and realistic training, the Air Reserve Forces' participation in Red Flag, overseas, and joint exercises has increased by 30 percent since 1980.

COAST GUARD RESERVE

Although the Coast Guard Reserve is not a part of the Department of Defense in peacetime, the Coast Guard Reserve is a vital element of the Reserve forces. Thus, I would like to make a few comments in regard to that force.

The Coast Guard Selected Reserve has increased to over 12,300 personnel and continues to grow with the fiscal year 1985 average strength authorization, of not less than 12,500. As a part of this continued growth eight new Reserve units were established during fiscal year 1984.

Like the other Reserve components, the Coast Guard Reserve is emphasizing mobilization readiness through integration with the Active Forces in exercise environments. The Coast Guard Reserve has participated with both Active and Reserve Forces of the Army, Navy, and Marine Corps in a number of interservice exercises. Coast Guard reservists also enhanced their mobilization readiness training through the augmentation of the Active Coast Guard peacetime missions, having dedicated over 1.5 million Reserve manhours in fiscal year 1984. Total force readiness exercises, interservice exercises, and active component mission integration will continue to play a valid and major role in mobilization readiness training. Particular emphasis will be placed on training Reserve small boat crews and forces that mobilize to Coast Guard Cutters.

MANNING/EQUIPPING/TRAINING THE RESERVE FORCES

Effective fighting forces depend on adequate manning, modern equipment, and proper training. The requirements apply equally to the Active and Reserve components. Sense of pride and unit identity also play a large part in ultimate capability of a unit. Thus, it is essential that sufficient funding be made available to man, equip, and train the Guard and Reserve Forces to insure that they can be integrated into the total military structure as fully functional units or as trained individuals, and as equal partners. I ask your support for the Guard and Reserve programs we have presented to you in the fiscal year 1986 Budget, so that we can continue our progress.

The next portion of my statement will deal with specific estimates related to the National Guard and Reserve in the fiscal year 1986 Budget Request.

APPROPRIATION SUMMARY

Table 1 depicts the Total Obligational Authority (TOA) by Reserve component.

TABLE 1.—TOTAL OBLIGATIONAL AUTHORITY

[In millions of dollars]

	Fiscal year—		
	1984 actual	1985 estimate	1986 estimate
ARMY			
Military personnel:			
Reserve Personnel, Army	1,322.0	2,091.0	2,394.4
National Guard Personnel, Army	1,847.9	2,908.7	3,430.8
Active component	173.5	233.2	229.0
Subtotal	3,343.5	5,232.9	6,054.2
Operation and maintenance:			
Army Reserve	691.6	732.7	779.6

TABLE 1.—TOTAL OBLIGATIONAL AUTHORITY—Continued

[In millions of dollars]

	Fiscal year—		
	1984 actual	1985 estimate	1986 estimate
Army National Guard	1,177.2	1,439.3	1,605.2
Subtotal	1,868.5	2,172.0	2,384.8
Military construction:			
Army Reserve	54.7	69.3	70.7
Army National Guard	67.6	98.6	102.1
Subtotal	122.3	167.9	172.8
Procurement	1,639.3	2,780.4	2,452.3
Total, Army	6,973.9	10,353.2	11,064.1
NAVY			
Military personnel:			
Reserve personnel, Navy	757.6	1,156.1	1,353.6
Active component	139.2	179.3	175.0
Subtotal	896.8	1,335.3	1,528.6
Operation and maintenance: Navy Reserve	623.8	828.8	954.5
Military construction: Navy Reserve	18.8	50.3	41.8
Procurement	289.4	575.8	356.6
Total, Navy	1,828.8	2,790.2	2,881.5
MARINE CORPS			
Military personnel:			
Reserve personnel, Marine Corps	177.2	271.8	290.0
Active component	88.3	115.6	120.7
Subtotal	265.6	387.4	410.7
Operation and maintenance: Marine Corps Reserve	52.1	58.8	61.6
Military construction: Navy Reserve	11.8	10.5	10.0
Procurement (included in Navy)			
Total, Marine Corps	329.5	456.7	482.3
AIR FORCE			
Military personnel:			
Reserve personnel, Air Force	387.7	582.9	622.5
National Guard personnel, Air Force	577.9	892.3	995.1
Active component	18.9	27.9	28.0
Subtotal	948.5	1,503.0	1,645.6
Operation and maintenance:			
Air Force Reserve	783.0	881.3	907.7
Air National Guard	1,800.7	1,828.8	1,830.1
Subtotal	2,583.7	2,710.1	2,737.8
Military construction:			
Air Force Reserve	41.2	67.8	66.8
Air National Guard	108.9	111.2	137.2
Subtotal	150.1	179.0	204.0
Procurement	1,266.4	2,097.3	1,211.7
Total, Air Force	4,984.7	6,489.4	5,799.1
OTHER			
Guard and Reserve procurement (total)	176.0	380.0	

TABLE 1.—TOTAL OBLIGATIONAL AUTHORITY—Continued

[In millions of dollars]

	Fiscal year—		
	1984 actual	1985 estimate	1986 estimate
TOTAL DOD			
Military personnel:			
Reserve personnel	2,644.5	4,101.7	4,660.5
National Guard personnel	2,425.8	3,801.0	4,425.9
Active component	420.0	555.9	552.6
Subtotal	5,490.3	8,458.6	9,639.0
Operation and maintenance:			
Reserve	2,150.5	2,501.6	2,703.4
National Guard	2,977.9	3,268.1	3,435.3
Subtotal	5,128.4	5,769.7	6,138.7
Military construction:			
Reserve	126.5	197.9	189.3
National Guard	176.5	209.8	239.3
Subtotal	303.0	407.7	428.6
Procurement	3,371.1	5,833.5	4,020.6
Total DOD	14,292.9	20,469.6	20,226.9

Note.—Detail may not add due to rounding.

MILITARY PERSONNEL

The military personnel accounts increase by $1.2 billion in fiscal year 1986 primarily for:

Pay raise.—Annualization costs of the January 1, 1985 and the July 1, 1985 pay raise are estimated to be $83 million and $160 million, respectively.

Paid drill strength.—An increase of 23,000 paid drill end strength is estimated to cost approximately $185 million. This increase will enhance mobilization readiness, and is in recognition of the increased role of the National Guard and Reserve components.

Basic training.—An increase in paid drill strength requires new accessions. They will complete initial active duty for training at an estimated cost of $73 million.

Full-time strength.—An increase of 19,600 end strength is estimated to cost approximately $440 million. One of the most important factors influencing readiness is the number of full-time personnel available to provide day-to-day management, administration, training, equipment maintenance, and similar essential tasks.

School and special training.—This type of training provides for pay, allowances, and travel for short tours of active duty. Types of tours include unit conversion training, pilot training, career development, exercises, conferences, management support, etc. The increased cost for this training in fiscal year 1986 is estimated to cost approximately $85 million.

Educational benefits (G.I. bill).—Funds are for the payment to the new Department of Defense Education Benefits Fund. This program will fund educational benefit payments for eligible individuals in the Selected Reserve. The increased cost in fiscal year 1986 is approximately $78 million.

Other pays and allowances.—Increased costs for clothing, subsistence-in-kind, travel, bonuses, and other miscellaneous costs are estimated at approximately $100 million.

OPERATION AND MAINTENANCE

The operation and maintenance (O&M) accounts have a net increase of $0.4 billion in fiscal year 1986 primarily for:

Price changes.—Price changes result in a net reduction of $78 million. Included in this reduction is the fiscal year 1986 5% civilian pay cut (−$84 million), downward fluctuations in stock fund and industrial fund rates (−$57 million), annualization of the January 1, 1985 civilian pay raise (+$20 million), and inflation on purchases (+$45 million).

Program changes.—Program changes result in a net increase of $464 million. Included are increases for recruiting and advertising support (+$35 million), support funding for full-time unit personnel (+$7 million), civilian workyears (+$14 million), support for the Continental Army Management Information System (CAMIS) (+$15 million), logistical support (including flying hour programs) (+$81 million), and organizational clothing and equipment increases in support of increased strength levels as well as enhanced clothing requirements (+$97 million). Also included are changes to the real property maintenance and base operations programs (+$11 million), ship maintenance programs (+$17 million), and aircraft rework programs (+$8 million).

Appropriation transfers.—A proposed change to the criteria governing investments and expenditures resulted in a transfer of $29 million into all reserve component O&M appropriations. The Naval Reserve also transferred an additional $57 million into its O&M account from the Operation and Maintenance, Navy (O&M,N) and the Aircraft Procurement, Navy (APN) appropriations in order to move the purchases of Aviation Depot Level Repairables (AVDLR's) to the Reserve component account. This transfer is intended to increase readiness through improved supply support.

MILITARY CONSTRUCTION

Guard and Reserve facilities represent a large capital investment. We have approximately 6,400 installations and training sites. Our fiscal year 1986 military construction request is $428.6 million—a modest growth of approximately $20 million over the fiscal year 1985 level.

I believe that the dollar value of our military construction program should be determined by mission associated requirements, to include equipment storage, and our ability to execute our programs in an efficient and timely manner. To this end, my staff participates in the development of policy for military construction planning, programming and budgeting. It is not my intent to tell the Military Departments what, where, and when to build. That is their decision. Once decided, it is my intent to support prudently justified projects which will improve mission accomplishment and permit realistic training, resulting in a higher state of readiness.

A major concern in the existing facilities program is the quantity of identified backlogs for both construction and repair. Current service estimates for Reserve component construction backlog exceeds $3 billion. We intend to improve our backlog validation procedures and then develop plans for containment and systematic reduction of this backlog.

PROCUREMENT (NATIONAL GUARD AND RESERVE EQUIPMENT)

Modernizing and outfitting the Guard and Reserve forces to facilitate their expanded role in the Total Force, is the greatest challenge facing us today.

Previous concepts and policies relative to overall military capability were based on the theory that the Active component alone must carry the initial responsibility for wartime opeations. As a result, the Reserve components were recipients of older equipment and were given low budget priority as the Active components tried to keep pace with an increasing global threat in a fiscally constained environment. With the advent of the Total Force policy in the 1970's, the situation began to change. The policy adopted by this administration to give equipment priority to those units that will be "first to fight" whether Active, Guard, or Reserve has furthered this trend and is resulting in significant increases in modern equipment for the Reserve Forces.

The most difficult aspect of this evolution has been to validly assess the total Reserve equipment deficiencies. We have just forwarded the fiscal year 1986 Report on National Guard and Reserve Equipment to Congress, as required by Public Law 97-86 (the DoD Authorization Act, 1982). This was the fourth such report submitted on selected items of equipment, with each successive report reflecting improved equipment identification and display of total requirements, availability, shortfalls, and corrective distribution plans. The data tables in this report are now fully automated, and will continue to improve with more complete and accurate service assessments. Our report three years ago reflected no M-1 tanks for the Army Guard before 1986, no M60A3 tanks for the Army Reserve, no M198 howitzers for the Marine Corps Reserve, and no C5-A aircraft for the Air Reserves. As of fiscal year 1985, the Army Guard already has 63 M-1 tanks and distribution during this year will bring the total to 243; one Army Reserve training division has received the first increment of the M60A3 tank with the Tank Thermal Sight Mod; the Naval Reserve has 20 F-14 fighter aircraft and is training in fleet F/A-18's prior to their receipt of their first 12 next year; the Marine Corps Reserve is getting its first M198 howitzers this year; and both the Air National Guard and Air Force Reserve are receiving C-5A's. These are but a few examples of the progress made by the services in equipping and modernizing their Reserve components.

We have also recently submitted the P-1R, which reflects the types, quantities and cost of all equipment items which have been proposed for fiscal year 1986 procurement for the Guard and Reserve components. This report was not possible three years ago, as all Reserve equipment procurement was not separately identified within the total force budget planning. This report indicates a total of over $4 billion in fiscal year 1986 procurement dedicated to Guard and Reserve Forces:

The Department of the Army has submitted budget requirements of over $1.8 billion for the Army National Guard and over $641 million for the Army Reserve, totaling nearly $2.5 billion. This includes: UH-60A helicopters, communications equipment, night vision devices, NBC equipment, Bridge equipment, and assorted vehicles, weapons and ammunition for both the Guard and the Reserve. It also includes 1200 Stinger Missiles, 117 Bradley Fighting Vehicles, and 60 M-1 tanks for the Guard.

The Department of the Air Force has submitted budget proposals of $868 million for the Air National Guard and over $343 million for the Air Force Reserve, totaling over $1.2 billion. This funding will procure weapons, ammunition, vehicles of various types, and continued aircraft modifications for both the Air National Guard and Air Force Reserve.

The Department of the Navy has identified over $356 million dedicated for Navy and Marine Corps procurement. This includes aircraft and electromagnetic counter measures equipment mods, aviation ground support equipment and assorted vehicles for both the Navy and Marines, equipment for Naval Reserve Intermediate Maintenance Activities, Mobile Diving and Salvage units, Explosive Ordnance Disposal teams and Special Warfare units, and various weapons and ammunition for the Marine Reserves, including 35 M-198 Howitzers.

I want to emphasize however, that this is not the total requirement, and our Guard and Reserve forces will not be "well" by 1988 (reference: fiscal year 1986 National Guard and Reserve Equipment Report). Even if all service procurement and redistribution plans are achieved, which has never been accomplished in budgetary history, many shortages will still exist.

By the end of fiscal year 1988 the Army National Guard will still lack over two thirds of their required Infantry and Cavalry Fighting Vehicles and improved TOW vehicles; the Army Reserve will lack over 40% of its 10-ton trucks and 90% of its combat engineer vehicles; the Naval Reserve patrol force will consist of P-3A and B aircraft averaging about 20 years old, which have been updated but will still lack capability relative to Active component's P-3C's and the Soviet submarine threat through the 90's; the Marine Corps Reserve will still lack one third of its required transport aircraft (KC-130's), with 40% of those on hand being the 21 year old F models; two thirds of Air National Guard tactical airlift will be 25 years old; and nearly all of the Air Force Reserve tactical airlift fleet will be at the 20 plus year old mark.

These again, are but a few examples of the equipment items studied to date, as we are now reporting. As we progress up the learning curve of our assessment and planning process, the list will be both expanded and refined. I am confident that the data produced thus far is accurate and the requirements are valid. The individual service planning relative to Guard and Reserve equipment procurement, as reflected in the DoD proposed budget, provides positive progress within budgetary constraints and total force priorities.

I must emphasize once again, that much remains to be done. We are on track and progressing well, with increasing momentum. I assure you that this particular effort is one of my top priorities.

SELECTED RESERVE PERSONNEL STRENGTH

Between fiscal year 1980 and fiscal year 1984 Selected Reserve end strength levels increased by 23 percent. The fiscal year 1984 end strength of 1,045,828 surpassed the previous peacetime high of 1,006,600 attained in fiscal year 1959.

A further strength increase of 78,300 is projected by the end of fiscal year 1986. This increase reflects the demands of new and expanded missions assigned to the Reserve components and expansion of our full-time support capabilities.

Table 2 depicts the Selected Reserve strength profile by Reserve component.

TABLE 2.—SELECTED RESERVE END STRENGTH

[Thousands]

	Fiscal year—				
	1980 actual	1984 actual	1985 estimate	1986 estimate	1987 planned
Component:					
Army National Guard	366.6	434.3	438.4	450.5	462.2
Army Reserve	206.6	275.1	285.6	300.5	314.2
Naval Reserve	87.1	120.6	128.7	141.8	151.7
Marine Corps Reserve	35.4	40.6	41.8	43.0	44.2
Air National Guard	96.3	105.0	107.7	110.9	114.6
Air Force Reserve	58.9	70.3	74.8	77.4	81.0
DOD total	850.9	1,045.8	1,077.0	1,124.1	1,167.9

Over the same 4-year period of fiscal year 1980–fiscal year 1984, the quality of Reserve enlistees, in terms of the proportion that are high school graduates, increased significantly, as depicted in table 3, rising from 76 percent in fiscal year 1980 to 85 percent in fiscal year 1984.

TABLE 3.—SELECTED RESERVE ENLISTMENTS—ALL SOURCES

[Percent high school graduates]

	Fiscal year—				
	1980	1981	1982	1983	1984
Component:					
Army National Guard	79	79	81	78	81
Army Reserve	64	74	80	81	82
Naval Reserve	77	80	80	84	88
Marine Corps Reserve	49	74	89	92	92
Air National Guard	99	99	99	99	99
Air Force Reserve	96	98	98	99	99
Total	76	80	83	83	85

As the National Guard and Reserve have experienced a rather high growth rate in order to meet the new and increasing demands placed upon them, the rate of increase for the Active Force has been, by design, significantly less. This change in rate of growth presents some new challenges for the Reserve components. Since a major manpower source for the Reserve components is the flow of manpower leaving the Active Force, the dynamics of this manpower flow are of special concern to the Reserve components. The number of people leaving the Active Force overall is now declining due to a relatively constant Active Force size and higher retention rates. This, coupled with the declining number of 18–24 year olds in the total population, places increased demands on Reserve component retention and recruiting efforts.

Our goal this year will be to continue and improve those inducements that have been such a key ingredient to the increased vitality of the Reserve components. The recently enacted GI bill for the Selected Reserve, which will take effect in July 1985, will be used to complement our current incentives and, with the adoption of several technical modifications, will enable us to maximize the effectiveness of all these strength management tools. In this regard, we are requesting $94.5 million to fund the Selected Reserve portion of the new GI bill, and we will forward legislation to extend the current cash bonus authority 5 years to 1990.

In addition, we are completing our review of other incentive proposals that are intended to support quality, distribution, and retention goals in the Selected Reserve. The current authority, which expires at the end of fiscal year 1985 for the various Selected Reserve and IRR cash enlistment and retention incentives, has been helpful in building our strength levels and retaining critical skills. These authorities need to be extended for the foreseeable future. We are examining the effectiveness of these incentives to determine their relative success and to be able to better understand the anticipated positive impact of the new GI bill. Based on our review, adjustments may be necessary to insure a complete package of incentives to deal with individual recruiting and retention problems. We are considering possible legislative proposals which include raising the enlistment and reenlistment cash bonus ceilings, a new prior service bonus to attract veterans with critical skills, a special drill pay for seagoing Naval Reserve members, and extension of the student loan repayment authority to the lower three officer and warrent grades to attract certain technical and professional skills.

FULL-TIME SUPPORT PERSONNEL

Full-time support personnel assigned to the Reserve components perform the day-to-day management, administration, training, equipment maintenance, and similar essential tasks. These personnel include Active Guard and Reserve (AGR) members (who are counted as part of the Selected Reserve), the military technician's (whose "full-time" contribution is civilian, but who would mobilize with the supported Reserve component unit as a Selected Reservist), the Active Force members (who provide full-time support but are counted as a part of Active Force end strength), and the Department of Defense civilians (who provide a full-time support in a strictly civilian capacity and would not mobilize with the unit).

Overall, full-time support personnel numbers must increase as the Reserve components expand in size. It is important, however, that one does not attempt to make a linear relationship between growth of the Selected Reserve and the full-time support. The actual number required must be derived from a detailed analysis of requirements to support specific units and missions.

The AGR growth from fiscal year 1980 through fiscal year 1984 has been approximately 20,000 personnel. An additional growth of 28,400 is projectd through fiscal year 1986. We are also requesting growth in the military technician program. Table 4 depicts the current plan for both the AGR and the military technician programs.

TABLE 4.—FULL-TIME SUPPORT (END STRENGTHS)

	Fiscal year—		
	1984 actual	1985 estimate	1986 estimate
Active Guard and Reserve (AGR):			
Army National Guard	16,656	20,583	30,679
Army Reserve	8,822	10,700	14,714
Naval Reserve	13,327	15,210	19,510
Marine Corps Reserve	803	1,129	1,475
Air National Guard	5,773	6,469	7,269
Air Force Reserve	489	603	635
Total DOD	45,870	54,694	74,282
Military technicians:			
Army National Guard	24,589	24,119	24,129
Army Reserve	6,973	7,585	7,623
Air National Guard	22,160	22,401	22,792
Air Force Reserve	7,973	8,305	9,042
Total DOD	61,695	62,410	63,586

While these increases vary among the Reserve components, they are essential to the effective management and training of the National Guard and Reserve Forces. Changing missions and conversion to or acquisition of more technologically complex equipment necessitate the employment of an adequate percentage of full-time support personnel. Day-to-day peacetime missions cannot be fully accommodated and high technology aircraft, ships, tanks, and other sophisticated weapons cannot be maintained without the stability, continuity and expertise provided by full-time support personnel. Thus, as our missions and equipment become more complex, our ratio of full-time support personnel will necessarily increase.

INDIVIDUAL READY RESERVE

A major challenge facing us is the provision of sufficient numbers of pretrained individuals in addition to the Selected Reserve to fill out Active and Reserve component units and replace early casualties in a mobilization. We have taken several steps—some new and some follow-ups on earlier initiatives—to meet this challenge.

The IRR is increasing in size as a result of improved management and new incentive programs. The Army IRR has grown from a low of 149,427 in fiscal year 1977 to the September 1984 level of 276,651.

On June 1, 1984, the eight year military service obligation was implemented as a method of reducing aggregate shortfalls in the IRR. It is projected that this will add 150,000 members to the pretrained manpower assets of the total IRR by 1990. The implementation of the IRR reenlistment bonus in fiscal year 1984 for the purpose of reducing specific shortages in combat and other critical skills resulted in more than 2,000 IRR reenlistments in the Army alone. In accordance with congressional guidance, the bonus is now being paid in equal annual installments to help ensure the ready availability of all who receive the bonus. The Naval and Air Force Reserves have recently implemented this bonus program and the Marine Corps Reserve plans to implement it this year. We believe that this is an effective low-cost program to help our tough manning situation and, accordingly, we are requesting a 5-year extension of the authority to 1990. We also have requested $4.1 million in fiscal year 1986 to provide for new payments for the IRR reenlistment bonus.

Concern has been voiced in the past in regard to skill maintenance. We are deeply involved in the development of skill maintenance programs now. This budget request reflects a substantial growth in resources to conduct appropriate training for IRR members to ensure that their skill proficiency does not degrade to an unacceptable level.

Locating members of the IRR is another problem area. We began a new initiative in fiscal year 1984 to conduct a data-base file matching with other Federal agencies to reduce the number of nonlocatables in the Army Reserve. We plan to expand this file matching project to other Reserve components and to implement standardized procedures to complete matching projects on a routine basis to improve and maintain IRR member locatability.

We are also considering new concepts to improve IRR locatability. We are considering an annual muster of part or all of the IRR similar to that which is required of the Inactive National Guard (ING). This concept would not require legislation. Ultimately, the problem of IRR locatability could be substantially eliminated either by allowing access to IRS address files of those members who refuse to report their locations or to establish certain penalties in law for delinquent members.

Table 5 depicts the Individual Ready Reserve strength profile by Reserve component.

TABLE 5.—IRR STRENGTH

[In thousands]

	Fiscal year—		
	1984 Actual	1985 Estimate	1986 Estimate
Component:			
Army National Guard (ING)	9,480	9,300	9,300
Army Reserve	276,651	289,900	275,400
Naval Reserve	69,173	68,300	76,100
Marine Corps Reserve	48,429	50,000	52,000
Air Force Reserve	40,991	40,600	39,600
Total	444,724	458,100	472,400

LEGISLATIVE PROPOSALS

In the coming months, my staff will be considering legislative proposals that address a number of manpower issues. Because of their importance to the overall Reserve forces program, I would like to briefly discuss several of them now. The first concerns the use of the Uniform Code of Military Justice, or UCMJ, by our Reserve components.

In view of the recent decision by the Court of Military Appeals in the case of *U.S. vs. Caputo*, (18 M.J. 259 [CMA] 1984), we are preparing a legislative proposal to clarify the intent of Congress concerning application of the UCMJ to the Reserve components. We believe it is essential that the Reserve components, which must be available for immediate mobilization, are subject to the same disciplinary standards as the Active Forces.

A second issue of concern is our system for managing reserve officer personnel. A comprehensive system of law providing the basis for the appointment and career management of reserve officers was first enacted in 1954. Only piecemeal adjustments to that legislation have been made during the ensuing 30 years. Over the past three years, the Reserve Affairs office directed the Department of Defense effort to produce a comprehensive Reserve Officer Personnel Management Act (ROPMA), designed to provide compatible personnel systems for all officers, whether on the active duty list, the reserve active duty list or the Reserve active status list. This three year effort was the culmination of a long process, with major study efforts conducted as early as the 1970's. But these early efforts had little realistic chance of changing the law since ROPMA was viewed by Congress as a follow-on to the Defense Officer Personnel Management Act (DOPMA). DOPMA was finally enacted in December 1980 and ROPMA is closely patterned after the Act. Our review includes the laws which govern the appointment, promotion, separation and transfer to the Retired Reserve of reserve commissioned officers of the Army, Navy, Marine Corps and Air Force. Our goal is to provide a system for long-range planning essential to providing reserve officers with attractive and meaningful careers and help attract and retain officers of the proper age and grade, who possess the skills and experience the Reserve components need.

Based on the above, we are considering legislative changes which incorporate service comments and the actions of the second session of the 98th Congress.

I am also concerned about the adequacy of the current statutes regarding health and disability coverage for Guard and Reserve members. Benefits and entitlements for reservists vary by the type of orders, duty status and the period of time the member is ordered to active duty. The reservist who is disabled or dies as a result of performing weekend drills or serving on orders specifying a period of 30 days or less, may not have the same benefits as his active duty counterpart, even under the same duty conditions.

This issue has received some attention by all the services in light of increased reliance on the Reserve components in the Total Force and the recent participation of reservists in hostile fire operations in Grenada and Lebanon. Benefits and entitlements are specific by public law. Recent actions of the Congress have made progress in this area and we are considering the desirability of further legislative changes, as well as a common standard to be used by the services in interpreting and administering regulations, to assure equal protection for all personnel.

The final manpower issue I would like to discuss today concerns the medical readiness of our force. The ability to respond quickly to a wartime casualty flow is one of the most serious concerns within the Department of Defense, and has been the subject of much effort by the Assistant Secretary of Defense for Health Affairs. Our office has joined with Health Affairs in seeking ways to guarantee wartime medical readiness.

We are addressing estimates regarding the total required medical resources and are analyzing the Reserve components' ability to provide the appropriate numbers of highly trained medical professionals (doctors, nurses and technicians). It is estimated that more than 50 percent of all the personnel required to provide wartime medical care will come from the Reserve components.

This is a top priority. Members of our staff serve on the Wartime Medical Capabilities Study Steering and Working Group. Our Deputy Assistant Secretary of Defense for Guard and Reserve Manpower and Personnel is the co-chairman of the Reserve Components Medical Council. We are working closely with the ASD (HA) to establish definitive wartime requirements for medical personnel, equipment, and evacuation needs under several different war scenarios. The results of these internal DOD studies will be integrated in the summer of 1985 with results of the congressionally directed blue ribbon medical resources study. We will then know more precisely how many guardsmen and reservists, by skill, must be available for wartime needs and should be presently assigned to actual medical units, and how many we can draw from the IRR, Standby and Retired Reserve.

We are placing the very highest priority on improving our understanding of the wartime medical personnel issue, and following up that understanding with actions in collaboration with Health Affairs and the Reserve components, in order to ensure that the needed medical personnel are available, and can be mobilized, deployed and employed when needed.

EVALUATION OF RESERVE COMPONENT COMBAT READINESS

One item that became readily apparent to me after I took office last year was the need to determine shortfalls and impediments to National Guard and Reserve readiness. We are building a data base as a foundation for making such determinations by collecting information on the mobilization missions of National Guard and Reserve units, deployment requirements, and the time sensitive nature of these missions. We are increasing our ability to analyze the data in the Unit Status and Identity Report System. Grouping such data permits us to monitor improvements or slippages in readiness and to develop corrective and/or enhanced support actions.

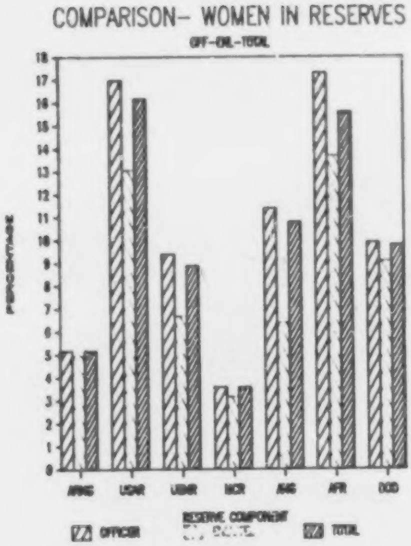
On the training aspect of readiness I must agree with the findings of the Defense Science Board that National Guard and Reserve Training requirements are unique and not well met. In their 1982 Summer Study, the Board recommended that tailored training support material be delivered to the Reserve components. Time compression, lack of readily available range and maneuver areas, and geographical dispersion intensify the need for training devices and simulators in the Reserve components. My goal in the application of training technology is to bring about an understanding of these unique Reserve component training needs within the government, the military, and the industrial training simulation development communities to ensure that the needs of the Guard and Reserve are met. To achieve this end I am using my membership on the Department of Defense Steering Committee on Training and Training Technology to fully support research, development and procurement of training technology that will provide effective state-of-the-art training for each of our Reserve components in their training environments.

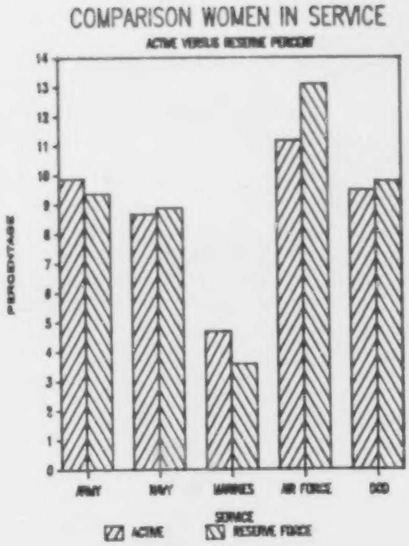
In the interim, we are taking full advantage of training devices which are currently available. Examples include the Multiple Integrated Laser Engagement Systems (MILES), a laser transmitter which simulates live ammunition firing, and the Conduct of Fire Trainer (COFT), a tank commander and gunner trainer. In fiscal year 1984 and fiscal year 1985, $32.8 million was programmed to provide 55 company sets of MILES to 30 major Reserve component training areas. In fiscal year 1986, an additional $17.3 million is programmed and a requirement for about $138 million is projected for the future. This, ultimately, will equip every maneuver battalion with a platoon set of MILES. For the COFT, $13.5 million was programmed for fiscal year 1984 and fiscal year 1985 and $11.3 million for fiscal year 1986, which will provide a total of 12 trainers. The total number of tank trainers eventually procured for the Reserve components will depend upon the outcome of technologies in development today.

WOMEN IN THE NATIONAL GUARD AND RESERVE

I believe that previous concerns make a comment regarding the use of women in the National Guard and Reserve appropriate. As in the Active Forces, women will continue to comprise a significant part of our Reserve Force and accessions. The policies governing the utilization of women in the Reserve components mirror those of the parent service and it is, therefore, not surprising that the percentage of women in the Reserve components corresponds closely to that in the Active Forces. This is clearly shown in the figures in Table 6 below.

Table 6





The Department policy of full utilization of women in the military is a Total Force policy, and I am committed to ensuring that women are given full opportunity to participate, contribute, and advance in accordance with that policy. To this end we are taking a comprehensive look at women in the Guard and Reserve—studying promotion opportunities, pay-grade distributions, occupational distributions, minority group representation, and accession plans.

COMPENSATION RELATED BENEFITS (COMMISSARY TEST)

During 1984, the Department conducted the Selected Reserve Commissary Test directed by the Congress. This test involved over 100,000 Guard and Reserve personnal and 22 commissaries. The concept of the test was to permit Selected Reserve members tc use the commissary up to a maximum of 14 days at their convenience throughout the year instead of only during periods of active duty for training. The analysis of the test data is being completed in order to make recommendations to the congressional oversight committees.

PUBLIC AND FAMILY SUPPORT

At my confirmation hearing I discussed the need for improved public understaning of the vital role of the National Guard and Reserve. We have begun a concerted effort to assist the components in communicating this important message to audiences including the Active Force, the Reserve component members and their families, public opinion leaders and the public in general. To assist in that effort, I am accepting as many speaking invitations and interview requests as possible. Public support, which can only come from public understanding, is essential to morale, esprit de corps and ultimately to readiness of our Reserve Forces.

Among the most important audiences we need to reach are the families of National Guard and Reserve members. Research has shown that family attitudes exert a major influence on the retention of military personnel. This is at least as true in the Reserve components as in the Active Force. We need much more information on the demographics of Reserve component members and their families, and we have initiated a program to develop this information as a basis for a future policy changes to enhance recruitment and retention and to control attrition.

We plan to field a comprehensive survey of all Guard and Reserve components in early 1986. Such a survey has never been done and it will provide vital information for a wide range of Reserve programs and concerns. With respect to families, it will provide sound information for structuring benefits and programs that will enhance family support and understanding and hence, retention. It will provide sound data on the number of our members who are married to other reservists or to active duty members and on the number of such cases where dependent children are involved. It will give us needed planning data to ensure we can provide necessary support for Guard and Reserve families upon mobilization.

INTERNATIONAL RESERVE AFFAIRS

As I mentioned earlier, National Guard and Reserve participation in realistic training exercises is increasing. This includes a steadily increasing participation rate in overseas exercises. For example, this year 21.5% of the units participating in Reforger 85 were National Guard and Reserve units from 38 states. Next year more than 40% of the units participating in Reforger will be National Guard and Reserve units. For this reason, my office has been working very hard, quite often on a bilateral basis, to build solid relationships with our allies, particularly in NATO, but also in Asia.

Since September 1984, I have traveled to Europe twice to observe Reserve component training exercises. During these visits, we received 85 briefings, visited 28 sites and exercise demonstrations and met with 49 senior NATO military and civilian officials. We also concluded a Memorandum of Understanding with the Federal Republic of Germany that will create an exchange officer program for Reserve component officers. In concert with the overseas exercise program, the Reserve officer exchange program will enable us to create the kind of personal bonds that are so important to the day that our forces may be required to join with those of our allies on the battlefield. I want to assure this committee that we will continue our effort in this area to make sure our Reserve components are respected and work efficiently with our allies before that sort of thing becomes a necessity.

CONCLUSION

In summary, today's National Guard and Reserve enjoy better status and readiness, and continue to assume an increasingly important role in our defense strategy. While some problems remain, I am confident that as we continue to improve the effectiveness of the National Guard and Reserve, we will be improving the total capability of this Nation's defensive posture. That is and must remain our first and foremost aim.

Mr. Chairman this completes my testimony. I thank you once again for the opportunity you have given me to appear before this committee today. I am prepared to answer questions.

Senator WILSON. Thank you very much, Mr. Secretary.

RESERVE MANNING STATUS

Let me first ask you a question that has to do with something that you have touched on in your formal statement. You have noted several times that there are several components to an adequate overall Reserve manning status. You have touched on manning itself, you touched on the necessity for modern equipment and for proper training, and giving equal emphasis to all three of those components.

As you point out in your statement, a great deal has been done over the past 4 years to improve the status in each of the three. I wonder, though, whether or not it is your opinion that there has been a balance achieved with respect to all three, or do you think that we still have a ways to go in terms of equipping and training?

It would seem that the most significant and most dramatic improvement has been in terms of actual recruitment in terms of manning.

And the question that I ask is whether or not in your view we have done what is necessary in terms of supplying the kind of equipment and the kind of training to those whom we have induced to enter the Reserves and the Guard?

MANPOWER LEVELS

Mr. WEBB. Well, I think the first point that needs to be made—and this is something of a follow-on to what Secretary Korb was discussing with you—is the importance of continuing the manpower levels that we are projecting. We have an Active Force of only 2.16 million, attempting to go to 2.18 million. We have a manpower density problem when you look at the possibility of ever having to commit our forces. The Soviet Union, for instance, has an active force of 4.6 million plus a reserve force that is greater than that.

Forty-three percent of the Active Army is overseas at any given time. When I was commissioned in 1968, there were 931 ships in the U.S. Navy. Today we have essentially the same missions, we have less in WESTPAC, but we have the Indian Ocean commitment with a force that is attempting to get to 600 ships.

So the manpower levels in the Active Forces are drawn down, in my opinion, about as far as you can get them. There may be some question as to the allocation of military occupational specialities among these people. This creates a great burden in the Reserve components, and the burden, because of higher retention in the Active Forces, falls on the drilling units as opposed to the Individual Ready Reserve.

As I mentioned in the oral statement, we had a million and a half people in the Individual Ready Reserve in 1970. So, it is vitally important that the current growth continue.

As to whether this is balanced against equipment needs and training requirements, my belief is that it is balanced. The equipment levels in the Guard and Reserve are a problem. So are the equipment levels in the Active Force. We are requesting through our budget 4 billion dollars' worth of new procurement for fiscal year 1986. We are also bringing in approximately 4½ billion dollars' worth of major equipment that will flow through the active components. That is 8½ billion dollars' worth of equipment.

The Army National Guard is expected to have four battalions fully equipped with M-1 tanks by the end of fiscal 1985. M-60A3 tanks are beginning to enter the Army Reserve in the training division inventory. The Naval Air Reserve will receive the F-14 aircraft during fiscal 1985 and will receive the F/A-18 during fiscal 1986.

Modernization of the Naval Reserve continues with the transfer of two more FFG-7 class frigates during 1985, and four additional ones in fiscal 1986. These additions will result in an end fiscal 1986 inventory of six FF-1052 class and nine FFG-7 class frigates.

The Marine Corps is bringing in M-198 howitzers during 1985, MK-19 machine guns, and M-16A2 rifles, and the new SAW weapon, the 249 squad automatic weapons.

Modernization of the Air Reserve Forces includes providing C-5 aircraft to both the Air Force Reserve and the Air National Guard. We are, through some initiatives in my office, continuing the modernization program within the Air Reserve Forces and also, with the cooperation of the Secretary of the Army, we have accelerated modernization of the M-60A3 and the Cobras.

So there is a lot being done. A lot of attention being paid to the equipment areas.

RESERVE TRAINING

With respect to training, the statistics we have indicate that the percentage of the force that is trained against wartime requirements is above 80 percent. Actually, for this year it will be about 86 percent, and this varies from a low in the Army Guard of about 82 percent to a high of almost 100 percent in the Air Reserve Forces.

So, I believe that the program we are embarking on or continuing is a balanced one. And again, I am just thankful that we are able to have this manpower growth in the Guard and Reserve because if we have to commit our forces, there is no other place we are going to get our manpower until conscription is resumed.

Senator **Thurmond**. Mr. Chairman, would you excuse me for just a minute?

Senator **Wilson**. Surely, Senator Thurmond.

Senator **Thurmond**. I have an appointment. I am going to have to go.

I have a few questions. Could Mr. Webb just answer these for the record?

Mr. **Webb**. Yes sir.

Senator THURMOND. I am glad to see you, Mr. Webb. Any way we can cooperate with you, we will be glad to do it.

Mr. WEBB. Thank you Senator.

Senator THURMOND. Thank you very much.

Senator WILSON. Thank you, Senator Thurmond.

Mr. Secretary, how many Federal, State, and municipal employees are in the Reserve?

You may not know, but I would be interested in learning that for the record.

Mr. WEBB. I would have to get that to you for the record.

I know, for instance, in the Federal sector we have conducted a very active screening program to try to make sure the individuals who are serving in a Federal capacity are mobilizable, and the highest figures are DOD and VA at about 3.8 percent of the work force. I can get you the numbers overall.

[The information follows:]

During 1984, there were approximately 138,000 Ready Reservists, 3,000 Standby Reservists, and 108,000 military retirees under age 60 employed by the Federal Government as civilians. The Department of Defense has not gathered information regarding those members who are State and local public workers but, based upon a review of this matter several years ago, we estimate their current numbers include about 312,000 Ready Reservists, 5,000 Standby Reservists, and 241,000 military retirees.

Senator WILSON. I would like to have that. I think it is relevant in light of the fact that there seems to be a difference between the prevailing practice in the private sector and that of those governmental employers with regard to pay while a reservist is on active duty. That may be an area that is worthy of some attention. So we appreciate your providing that.

MANNING COSTS FULL TIME VERSUS RESERVE

Let me ask you now, there has been, as you are of course aware, a great deal of skepticism expressed in the past as to whether or not full-time manning, particularly in the Active Guard and Reserve Program was a cost effective thing for taxpayers, and the concerns have evolved around what was deemed to be an absence of any hard evidence as to the enhanced combat readiness of the units involved.

And as is true so often, a few celebrated cases where there was misutilization of officers and senior NCO grades that really replaced much lower grade civilian employees has generated considerable skepticism.

It is my understanding that there is now some good evidence to show increased readiness of Reserve component units supported by AGR personnel, but I think that you are required to be concerned about possible misuses of some AGR personnel, and this is obviously going to receive a considerable degree of congressional attention because of the costs that are involved in the program, roughly twice that, I am informed, the cost of adding a person to the AGR Program as compared with cost of adding someone to the active duty role.

You are now looking at 54,000 military personnel in full-time duty in the AGR Program. You are seeking an increase of some 20,000 more in fiscal 1986. And the cost of that 20,000 increase for

1986 alone will be some $510 million. This will also mean that about 1 out of every 15 members of the Selected Reserve will be on full-time duty. When you consider that there are to be another 65,000 civilian technicians performing full-time support, that makes it almost one out of every eight selected Reservists will be engaged in what amounts to full-time military service.

First, is the taxpayer's money being spent wisely? Is it really cost effective to have this many involved in this program?

And second, is $510 million in the first year costs a little rich? is that not too much to pay for about 19,000 support personnel?

Last, what is your role in providing for the management and direction of this program?

Mr. WEBB. Well, first of all, Mr. Chairman, we are not too sure about that figure, that it costs twice as much for the AGR. We are going to run that down. The indication that we have initially looking at it, we have heard it mentioned before, is that it is not correct, and that it costs just about as much. Now, there may be some question of grade mix that would push the AGR figures up. I can run that down and provide you some more information on it.

[The information follows:]

AGR's cost approximately the same as their active duty counterparts. For example, an active Air Force major costs $66,003 per year compared to an Air National Guard AGR major who costs $65,500. An AGR master sergeant costs $37,197, compared to his active force counterpart who costs $37,159 per year.

Mr. WEBB. The use of the AGR personnel is, in my opinion, the price we are going to have to pay for readiness, if we are going to continue to shift our force structure into the Guard and Reserve. The figures you mentioned about the possibility of having one out of every eight members in the Guard and Reserve as AGR personnel and technicians, could be compared with the present structure in the Air Reserve Forces, which, as most people would agree, are our most combat ready elements of all the components.

They now have approximately 25 percent in full-time support. I believe the Air National Guard is 29 percent full-time support. We have a situation in the ground forces where we are not going to be allowed the leeway we have historically had after mobilization in order to make sure that our forces are combat ready.

In World War I, it took about a year to get a unit actually into combat. In World War II we were able to mobilize in 1939, 2 years before Pearl Harbor. In Korea, the first increments that went were Individual Ready Reservists in most cases. In Vietnam, of the few Army Guard and Reserve units that were mobilized, it took typically 4 to 7 months before they were ready and actually an operational unit.

We are talking now in terms of a couple of months, and we are looking for ways to further compress this timetable to increase readiness without having to put undue demands on the training time of people in the Guard and Reserve. And we find that there is good evidence that the AGR Program is the way to go on that.

There is obviously a potential for abuse when you are adding this many people. A point I should make, though, since I mentioned the Air Reserve Forces, is that of these 19,000 people we are going to put in this year, 14,000 of them are going to the Army Reserve and Army Guard, and another 4,000 are going into the Navy. So, the

Air Reserve Forces are going to have a very small upgrade, a very small number out of that 19,000 people. They have been fortunate in the past to have these full-time people.

We have worked with the different services in their goal setting on this, and also I have been able to meet with the action officer from the General Accounting Office who recently did a pretty thorough visitation program with respect to the Army's AGR Program.

It was interesting to hear his conclusions. He did have a number of recommendations. This will be made official, I understand, toward the end of March. But his overall impression was that the AGR Program was working extremely well.

Again, as I say, it is the price we are going to have to pay if we continue to have an Active Force as small as it is and rely on the Guard and Reserve for immediate mobilization.

Senator WILSON. Senator Glenn?

Senator GLENN. Thank you, Mr. Chairman.

I would like to follow on just briefly, Mr. Webb, on the same line the chairman was following there.

You bring across in a program like that a lot of E-5's, E-7's that come at rather high prices compared to what your reservist would be coming in and just being trained and coming in at a lower level. So the cost goes up a little, I guess.

ACTIVE DUTY PERSONNEL

Do you have any hard evidence that these active duty personnel are really improving the readiness by the amount of the additional cost that is occasioned by this?

That may be a little hard to judge, but do you have operational readiness tests or things like that that can back up this program or back up the rationale for the program that would make this cost of $440 million for fiscal 1986 a little more palatable to us, or a little more rational, perhaps?

Mr. WEBB. I suppose the best historical model on that again is what you see in the Air Reserve Forces. The operational level, the readiness levels are generally equal to that of the Active Force, and a good part of that is attributable to the high percentage of full time personnel they have, which is about 1 in 4, about 25 percent of their units.

Senator GLENN. Do you notice, though, in different units where you do not have that kind of ratio assigned, do you notice a lessened operational readiness, or does it come up that way when you run the tests on people?

Mr. WEBB. I could not answer that, Senator. The way that they are allocated is really toward missions that require a lot of full time support hardware. Even as we go into the Army area, we are trying to put the people, or the Army is trying to put people into equipment heavy areas, technologically heavy areas and those sorts of things.

Senator GLENN. How long do these people stay on that duty?

Mr. WEBB. It is a career path.

Senator GLENN. It is a career path?

Mr. WEBB. Yes, sir, it is. That is one thing we are trying to watch carefully, particularly in the National Guard environment. We want the individuals as they progress through a career to make sure they continue to cross fertilize with the Active units to make sure that what they are teaching is——

Senator **Glenn**. So normal overseas rotations would not apply to these people? They would be Active regulars assigned to Reserve units on a permanent basis for their whole career then, is that correct?

Mr. **Webb**. But they are not regular officers or enlisteds. They are in a special category, in the AGR program, but what you said is correct.

ENLISTMENT BONUS COSTS

Senator **Glenn**. What is the total cost for enlistment bonuses for selected Reserve components is 1985 and 1986? Do you have those figures with you?

Mr. **Webb**. I do not have them with me. I can provide them for the record.

Senator **Glenn**. If you could get them and supply them for the record, then if you would, please, that would be fine.

[The information follows:]

Enlistment Bonus Costs

The total cost of enlistment bonuses for Selected Reserve members was $51.7 million in fiscal year 1985 and $62.4 million in fiscal year 1986.

The following displays enlistment bonus costs by Reserve component:

[In millions of dollars]

	Fiscal year—	
	1985	1986
Army National Guard	32.8	40.3
Air National Gurd	2.5	3.3
Army Reserve	12.6	13.9
Air Force Reserve	1.1	1.3
Naval Reserve	2.4	3.3
Marine Corps Reserve	.3	.3
Total	51.7	62.4

GI BILL

Senator **Glenn**. Last year we enacted a new GI bill for everyone coming into the Selected Reserve.

With this new across-the-board benefit for everyone, do you still feel that you need to increase the number of enlistment bonuses for Reserve recruiting?

Mr. **Webb**. What we believe is that we need to extend the authority on the bonuses, and we have a proposal that would increase the ceiling, which does not mean that we would use the high figure, but that we should have it available at the discretion of the services.

I personally am optimistic about the use of the GI bill in the Reserves. As you know, Senator, this is a different GI bill than it is on the Active side. It is actually a straight entitlement program in the Reserves, and I think with luck and if it is properly implemented, it is going to attract some high quality individuals. But it is still an unknown. And since the bonus authority expires this year, we would like to go forward with the authorization on it to be able to marry the two programs up through proper management.

MARINE CORPS RESERVE

Senator **Glenn**. The Marine Corps Reserve has suggested the need to review the requirements for an initial period of active duty of not less than 12 weeks. According to the Marine Corps Reserve, they could complete IADT in 79 days instead of 84, with a savings of about $500,000 per year.

What is the rationale for the 84-day requirement in the Marine Corps? Is this a legislative or administrative requirement? Can you change that on your own, or can the services change that?

And would that same type thing be applicable across the board to other services, do you think? Have you looked into that?

Mr. **Webb**. To my knowledge, that is at the discretion of the services.

Senator **Glenn**. You would not need legislation from us?

Mr. **Webb**. I would check on that, Senator, but to my knowledge it is under the jurisdiction of the services. Actually, my concern is the other way around. I know the Marine Corps has spent a great deal of time on MOS qualifications, and they are projecting within the next year or two that they will have 100 percent of their wartime fill MOS qualified. They are going to be just about at the top on this.

The concern that I have is that in the Army when an individual finishes his recruit training, he is 70-percent trained according to Army doctine, and the final 30 percent of the training is supposed to take place in the unit.

In the Guard and Reserve environment that can take a very long period of time before the individual becomes fully MOS qualified, and if you match that up with a great deal of turbulence, we have a high attrition in the first few years in our ground forces, particularly the Army Guard, and you have the potential of having a force that is not highly trained having to be mobilized.

And so I would say that as far as your question as to whether this should go servicewide or DOD-wide, I would hope——

Senator **Glenn**. Do you think this should be put into effect with the Marine Corps Reserve? I understand it is not approved yet, is that correct?

Mr. **Webb**. I really do not know. I would have to check with the Marine Corps.

Senator **Glenn**. I think it is not in effect yet. It has been proposed, as I understand it.

Then the second question would be, if it works there, why can it not work for the Army and others, too?

If you could give us a statement on that for the record, I would appreciate it.

Mr. **Webb**. Yes, sir.

[The information follows:]

The requirement of a minimum initial 12-week period of active duty for training for enlistees into the reserve components is established in law in section 511(d) of title 10, U.S.C. Also, section 671 of title 10 provides that "no member of an armed force may be assigned to active duty on land outside the United States and its territories and possessions, until he has had 12 weeks of basic training or its equivalent." Section 511(d) applies to all Reserve components. Section 671 is applicable to all armed forces members.

In the Marine Corps, the initial period of basic military training involves 79 consecutive training days. The same training is provided to members of the Active and Reserve components of the Marine Corps. In my view the Marine Corps basic training satisfies both sections of law. For example, twelve 6-day weeks of training would be only 72 training days.

We will, however, review this matter within the Department in light of the legislative history of the law to make sure a legislative change is not required.

DELAYED ENTRY PROGRAM

Senator **Glenn**. According to the Marine Reserve again, up to 365 days is authorized for Active Force recruits in the Delayed Entry Program while only 270 days is authorized for Reserve recruits in the DEP.

Is this the case, and what is the reason for the disparity, the difference in time?

Mr. **Webb**. Each component has a different way of addressing it. Again, I would have to give you something for the record on that.

Senator **Glenn**. Do you know whether that is established by administrative action, or does that require legislation?

Mr. **Webb**. Again, that is under the jurisdiction of the services. There is a top line on it, but below that is established by the service.

Senator **Glenn**. Would the Department support a change authorizing the Reserves to keep recruits in the DEP for up to 365 days?

Mr. **Webb**. I do not have a position on that. If the 365 days is the top line—and that is what I would have to check—then as far as I am concerned, it would be under the discretion of the services and their managing their own manpower pools.

[The information follows:]

Delayed Entry Into Training Program

The Reserve component Delayed Entry into Training (DET) program is established in section 511(d) of title 10, United States Code. The statute permits non-prior-service persons who enlist in a Reserve component to "perform an initial period of active duty for training of not less than twelve weeks to commence insofar as practicable within 270 days after the date of that enlistment." DET enlistments are reported into Reserve component end strengths as untrained assets. DET recruits may perform inactive duty training (IDT) with their Guard or Reserve units, receive compensation and participation (retirement) credit, and Servicemen's Group Life Insurance (SGLI) coverage.

In accordance with Department of Defense policy there are three extensions authorized beyond the 270 day limitation and a fourth will be implemented in the near future. The first is for enlistees whose specialty requires a security clearance requiring a lengthy background investigation. The second is for enlistees who are scheduled to attend specialized training that is not conducted on a regular basis. The third is for enlistees who incur a personal hardship. The fourth extension, to be implemented on a limited basis, will permit students who join a Reserve component in the summer period between their junior and senior years, but who cannot be scheduled to enter the training base at that time, to participate in reserve drill training at the discretion of the Secretary concerned for up to 360 days. The Department will place appropriate administrative controls on this authority in order to manage the size of the training pipeline. We believe these extensions are consistent with the statutory provision requiring entrance into training within 270 days "in so far as practicable."

At this point, I do not believe that a further extension of the reserve delay authority contained in section 511(d) of 10 U.S.C. is required. Large backlogs of reserve recruits awaiting training in a paid status would be costly to administer and these recruits would not be deployable assets. Also, since the military service obligation (MSO) commences on the date of enlistment, the longer the service in the DET, the smaller the proportion of the total MSO period during which the member is trained and deployable.

Senator **Glenn**. Thank you, Mr. Chairman.

INDIVIDUAL READY RESERVE

Senator **Wilson**. Mr. Secretary, let me just ask you a question about the Individual Ready Reserve.

First, would you detail for the subcommittee your view concerning what you perceive to be major shortcomings in the Individual Ready Reserve Program and outline for us what plans you are formulating to overcome these shortcomings?

Mr. **Webb**. The greatest problem with the Individual Ready Reserve stems from the fact that, with the end of conscription, the manpower flow out of the Active Forces was greatly decreased.

With a 6-year military service obligation during conscription and a good number of people in the Active Force being conscripts, we had a continuous flow that, as of 1970, as I mentioned earlier, put 1.6 million people into the Individual Ready Reserve. These have traditionally been the first people to be called to go as augmentees. For instance, in Korea, there was a large pool of World War II veterans who were called and went immediately.

As the volunteer concept was put into place with longer enlistments, and then later on, greater retention, the numbers in the Individual Ready Reserve began to decrease, and in 1978, the Congress mandated to the Army that anyone with a modicum of training be held in the Army Individual Ready Reserve, which has created a situation where we have a large percentage of people in this 275,000 man pool in the Army Individual Ready Reserve who were transferred for reasons that did not relate to acceptable service.

So we have two or three problems with the Individual Ready Reserve. One is the problem of numbers. We have worked to address that with increasing the military service obligation to 8 years, which should add about 150,000 people by 1990.

We have a problem of quality because of the mandate to place people in the IRR who are released quite often for cause—unsuitability and this sort of thing—in advance of when their military service obligation was fulfilled. And we have a problem of locatability because in the mid to late 1970's, we simply lost track of them. The law requires a member of the Individual Ready Reserve to report change of status, address, et cetera, but we lost the enforcement mechanism.

So, in order to address those three questions, we are recommending some long-term changes in the Individual Ready Reserve. In the last 2 years, the Army has worked very hard on this, and I think they should be commended for what they are doing. They are in touch with about 70 percent of their IRR on a regular basis.

But what we are recommending is, first of all, to work with the Army to centralize this data, and then to attempt to decentralize it; second, to work toward the concept of an annual muster, which the British territorials now use and which the Army Guard uses with the few people it holds in the Inactive National Guard. By increasing the contacts to ensure that these individuals are locatable, we can examine their physical condition to see whether they are a mobilizable asset and those sorts of things.

So, we are trying to turn around the management device and decentralize it once we get hold of these people and to make them feel that they are in fact part of the military system even though they may not be in a drilling unit.

Senator **Wilson**. Could you elaborate a little bit on your answer in terms of those who are in the Individual Ready Reserve who have found their way there by, if I understood you correctly, being really inadequate to active duty service?

Mr. **Webb**. The figures that I was given, when I asked this question of the Army, boiled down to about 40 percent of the enlisted members of the Army IRR having been transferred to the Individual Ready Reserve either for nonattendance of drills, unsuitability, pregnancy, hardship, reasons that would cause you to question whether they would be a mobilizable asset if they were called upon.

I can give you a breakdown on that for the record, if you would like.

[The information follows:]

As of December 1984, approximately 25,000 of the Army IRR, or about 8 percent, were in the following categories: unskilled, unsatisfactory performance, unsuitability, expeditious discharge. Another 20,500 (7 percent), were transferred to the IRR for the following reasons: pregnancy, general discharge (under honorable conditions), hardship, dependency, parenthood, secretarial authority, and medical standards.

Another subset of IRR transfers were for non-attendance in reserve drill training. There were 42,600 transfers to the IRR for unsatisfactory participation in the Selected Reserve. However, many of these members were transferred due to job conflicts, relocations to areas where no reserve positions were available, and personal reasons such as lack of family support for reserve participation. Together, these sub-populations made up 31 percent of the Army's total IRR strength of 283,600.

It is important to distinguish sub-populations in the IRR since their proficiency and availability vary greatly. The Army appears to be making progress in managing these groups to ensure that the limited resources available for refresher training are applied only to those who have the greatest potential for use in a mobilization.

Senator **Wilson**. So realistically, in your capacity as the Assistant Secretary for Reserve Affairs, I can take it that in your own mind you considerably discount that figure of 275,000 as one that is readily available?

Mr. **Webb**. I would say particularly in the Army, but across the board, you would have a very difficult time if you were to rely on those numbers as people who would show up in a mobilization.

Senator **Wilson**. Did the history of that program change radically with the end of conscription?

Mr. **Webb**. Yes, it did. The numbers changed, the quality changed.

Senator **Wilson**. And I would guess that if I were to press on the subject of what is done to refresh these people who presumably are pretrained, the answer is that we are not doing very much, and I would ask you whether or not it is possible to do very much in a cost effective fashion. It it worth it?

IRR BONUS PROGRAM

Mr. WEBB. I think the Army should be commended for the efforts it has made in that direction. We have the IRR Bonus Program, which is a targeted program to specific skills, and which in some cases entails a requirement that the individual participate in some sort of refresher training.

But realistically, under that concept you are not reaching very many people. The Army only reached I think 2,000 people last year, and they were in critical areas. It was not a waste of money, it just realistically is not something that is going to improve the totality of the Individual Ready Reserve.

The thing that makes it even more disturbing is that absent conscription in your manpower pipeline, and as I mentioned before, with the Active Force as small as it is, your Individual Ready Reserve should be that first burst of people while you get your training pipeline going, and there are not that many people in it. The ones that are in it, as I said, are not in the aggregate that reliable.

Senator WILSON. Well, it makes it sound as though the realistic philosophy for the Individual Ready Reserve perhaps ought to be still smaller but better.

Looking realistically at a time if we were required to go to mobilization we would probably be looking at the IRR to provide the immediate emergency personnel to fill in, but if we are talking about something serious enough to require full scale mobilization, I think we know that this is too small now and that we would have to go to something very different than anything that is on the books right now. We would have to reinstitute conscription on some basis.

Mr. WEBB. The philosophies on that, Mr. Chairman, vary by service, and each service manages its own pool. The Air Force, for instance, with its IRR, has a short half life on the individuals who go in it because it is so technologically oriented in the first place, they keep a small IRR.

The Army Guard, for instance, which has about 440,000 drilling members, has an ING of only 9,000. I just do not consider it to be a place to get people.

But in response to your question about the Army Reserve IRR, it would seem to me that we would be much more realistic if we took the IRR and determined which assets were usable and took the people out of there who were released for reasons that related to poor performance, and gave our country a better view of what the pipeline actually looks like.

Senator WILSON. I think you are right.

MILITARY JUSTICE SYSTEM

In both your formal statement and end-of-the-year report you wrote that you have some concerns about the ability of the military justice system to deal with the Reserve component members, especially in light of the expanding role of the Reserve components.

Would you care to advise us now as to the nature of your concerns and offer any thoughts that you have as to how we may adapt to the need that you perceive?

Mr. WEBB. Yes, sir.

There are two problems. One is legislatively fixable with some ease if it were the desire of the Congress that it be fixed. It relates to a Court of Military Appeals case from last summer called the *Caputo* case which altered the nature of jurisdiction over a Reserve component member. The case involved an individual in the Naval Reserve who went to Hawaii on a 2-week active duty period and was picked up on an alcohol offense, and it was discovered that he had a large number of LSD pills, tablets, on him.

The case, since he was going back to New York where he was from, was referred to the military authorities. The individual completed his 2 weeks active duty and went home. As soon as he reported into his Reserve unit for his next 2-day drill period, he was charged under the UCMJ. He argued successfully that the jurisdiction had been interrupted by the interruption in his military status. The Court of Military Appeals, as I said, had agreed with this.

So, we have now the situation in the Reserve components where if you do not charge an individual under the UCMJ during the period of service in which the offense was committed, then jurisdiction is interrupted and you no longer have jurisdiction on the offense, which means every 2-day drill period that you bring an individual on, you are going to have to deal with him, even put him against his wishes on active duty to hold him in the capacity. This is fixable with a change in legislation, and we are working—the Navy is the executive agent on that, and we are bringing that forward.

The second difficulty with the UCMJ is the difference in interpretation among the Reserve components. As with so many other areas in the law, the interpretation among the components has evolved on a piecemeal basis, and we have a situation now where the Army Reserve has never recognized UCMJ authority on a 2-day drill period, not since 1947 when the UCMJ was put into place.

The Marine Corps Reserve has a very vigorous program which mirrors and sometimes exceeds its active program. The National Guard interprets the UCMJ through State codes rather than through the Federal code.

I have a concern that with the mobilization timetables as compressed as they are under the total force doctrine, that every individual who may be a mobilizable asset, be very familiar with the UCMJ, and we hope that we can talk more about that with Congress this year.

Senator WILSON. Thank you, Mr. Secretary.

I have one final question, and then we will turn to questions and whatever statement the distinguished Senator from Nebraska, Senator Exon may wish to offer.

MILITARY PAY

My final question, Mr. Secretary, has to do with the issue that was developed in a hearing of this subcommittee last year revolving around a grant of longevity pay increases for what is really inactive service in determining the base from which the pay of a reservist, the retirement pay of a reservist is determined.

Let me give you an example.

A lieutenant colonel in the Reserves transfers to inactive status after the age of 45. The lieutenant colonel would, when he became eligible for retirement pay at age 60, have his base pay determined by using the basic pay rate for a lieutenant colonel with over 26 years of service rather than the over 20 years that would have applied when he actually retired or was transferred to inactive status.

In an analysis done in May 1982 using the fiscal year 1983 budget assumption, it was found that this feature, if eliminated for future retirees, could save as much as $75 million over the following 5 years in Reserve retired pay accounts.

And it has come to light as a result of the Fifth Quadrennial Review of Military Compensation. The general can probably give us chapter and verse on that, but I believe the Fifth Quadrennial identified this feature of the Reserve retired pay system, as one that should be looked at for a possible repeal.

It seems to me there is some logic in that because I do not think it is a factor in the termination of anyone as to what he is going to do with his Reserve career. Indeed, I think probably a great many people suddenly receive the good news as a surprise, that their base pay is going to be calculated on the basis of 26 years rather than 20.

Mr. **Webb**. Well, first, Mr. Chairman, I would like to be able to take a look at that in terms of cost estimations based on current inflation rates and that sort of thing, and actually see what a projected savings would be. The way it works for an individual retiring is that he or she gets two, usually two increases.

[The information follows:]

LONGEVITY PAY INCREASES

The May 1982 estimate concerning the cost of the potential longevity increases provided to reserve (Title III) retirees has been updated using current retiree data. During this update it was determined that over one half of National Guardsmen and Reservists who are under age 60 and are being placed in the retired Reserve category have over 29 years of service for pay. Of those who do not have this amount of service for pay, most are in pay grades where they had received the last possible longevity increase prior to their being placed in the retired Reserve. This updated data concerning reserve retirees resulted in a new cost estimate that indicates that a change that would eliminate basic pay rate increases based on longevity after entry into the retired Reserve would have no significant budget impact. This feature of reserve retirement does not, therefore, affect the budget by any noticeable amount for Reserve retirees who will begin drawing retired pay (at age 60) after October 1, 1985.

Mr. **Webb**. One is you are allowed to continue gaining your longevity to the point where you hit the final longevity pay increase. With a lieutenant colonel it would be 22 years. And then the second thing is that you get your retirement on the basis of the base pay of your rank at the date you start receiving the retirement rather than the date that you retire.

My impression is that this was put into the system as a matter of equity, and along the lines of the cost-of-living increases that an individual would receive if he had retired from the Active Force.

There may be ways to address this problem other than completely cutting it out that we could possibly support. I just believe that there needs to be a certain amount of equity with the cost-of-living situation and these individuals. Maybe another way to address it would be to award the individual the cost-of-living percentages that he had gained through the period from the time his retirement vested until he could draw it. Compare it, for instance, with active duty retirement and this sort of thing.

But there may be some way to address that.

Senator WILSON. Well, I think it is worthy of attention because the suggestion you just made, without having quantified it, I am sure would result in a significant saving over the present practice.

Senator Exon?

Senator EXON. Thank you very much, Mr. Chairman.

And welcome, Mr. Secretary. We are delighted to have you here.

RESERVE COMMISSARY SHOPPING

I do not think I am going to have a long list of questions, but there are one or two that I would like to get into. As you know, at the urging of this committee, including this Senator, the Defense Department has been doing a study based on the proposition of allowing members of Reserve components to shop for 14 days of their choosing in commissaries rather than 14 days when they are on active duty. I believe that was extended, the expiration date was extended. I do not remember the details of the period that it was extended to.

Has that been completed, and do you have any final results or preliminary results on what the test showed with regard to, No. 1, do the troops want it, and No. 2, would it likely enhance retention and recruitment and all the things that have been previously discussed with regard to why we would make such a change?

Can you give us any help in that area?

Mr. WEBB. Yes, sir.

First of all, I would say that every survey that we have been able to do indicates that the two greatest reasons that an individual will terminate his or her involvement in the Guard and Reserve are the employer difficulties and the lack of family support. This benefit, if it were extended to them would help address the area of family support, which is, of course, the reason that the test was begun.

Senator EXON. One more place for the wife to shop, is that what you mean? The families like that?

Mr. WEBB. I think it is a good way, particularly on the enlisted side, for a family to feel that they are actually involved in the military, that this is something that is not just the husband going away or the spouse going away.

I have seen the preliminary results of the test. There was a wide variance of usages. It was done in three different geographical areas. The result that made this appealing to me was that there was no indication from other shoppers in these areas that the participation of Reserve component members had affected their ability to use the resource.

My personal opinion on this is that it is a good way to increase family support, to make the individuals feel like they are part of the total force without spending a lot of money.

Of course, the issue has to be addressed in the context of the knowledge that there are a number of people who would like to see the commissary privilege rescinded, and so this is a total DOD issue, and what I have said is purely my personal opinion. But I see it as a very attractive incentive.

Senator **Exon**. Do you remember any of the details such as how much a reservist spent in the commissary when it was there as opposed to a regular member of the forces or anything like that?

Mr. **Webb**. I believe we will have the final report on that within the next couple of weeks, and I will be happy to send a copy up.

Senator **Exon**. I would be very much interested, and I think all the members of the committee would be interested in that, if you could move it along.

Mr. **Webb**. Yes, sir.

UNIFORM CODE OF MILITARY JUSTICE

Senator **Exon**. The Uniform Code of Military Justice applies to all active duty members and personnel, including Guard and Reserve, but its implications are subject to different service interpretation in the law. The Naval and Marine Corps Reserve, for example, applies it whereas the Army Reserve does not.

Do you care to bring this up any further? I understand it was brought up to some extent. If it was covered fully to your satisfaction, I can read the record.

Mr. **Webb**. Yes, sir. I would just hope that perhaps at some time later this year we could have some hearings on that issue with the Reserve component chiefs perhaps to address the difficulty.

NATIONAL STRATEGY FOR FORWARD AND OVERSEAS DEPLOYMENT

Senator **Exon**. I think you are familiar with the article that Philip Gold wrote on a national strategy for forward and overseas deployment and his concerns and his positive points.

In your opinion, are we overly reliant, perhaps dependent on our Reserve Forces for ground combat power to too severe a degree?

Mr. **Webb**. Well, first of all, I would say that during my confirmation hearings I made this point—I would like to make it again, and that is that in all of these areas, abrasion is creative, and when I am confronted with articles like Mr. Gold's, my natural inclination is to seek him out, and that is what we did. After I was confirmed, we brought him in and I sat him down with the members of my staff, and we talked this through, and I think we both learned a lot.

Senator **Exon**. Did you want to take him to the woodshed? Is that it?

Mr. **Webb**. I think everyone learned a lot, and I think Mr. Gold is operating on the best intentions of looking after our national security. I do not believe that we are overly dependent. The question is whether the Guard and Reserve can perform the functions that we are giving them because we are indeed, over the last 10 years, shifting our whole perception of who is going to carry out immediate assignments. Early deploying units in every service include Guard and Reserve units.

Mr. Gold raises some interesting questions, particularly in the ground units and, something that we are working hard on is compressing the training regimen that we have available, the time that we have available, making it more efficient, being able to bring in training devices, trying to work on physical fitness problems and these sorts of things so that we can indeed call on the ground units early.

As I mentioned before you came, in our history we have never had to use ground combat units as early as we are now saying that we are going to. So it is a legitimate question that Mr. Gold asks, and we believe that we are on the right track in order to evaluate just how early we can send them.

Senator EXON. Let me take a stab then as a followup question, Mr. Webb.

As you were responding I was thinking about that age-old problem that we keep running into, the fact that we do have our Guard and Reserves combat units designed to specific duties and answer specific situations, but we continually hear that if, for example, there should be an attack by the Soviet Union in Europe at least, it is highly probable that those units would be so emasculated with having people drawn out of them for filler troops, that they would not be available to carry out the mission to which they are specifically assigned.

Do you have any more positive answers to that age old question than before, or do you think—I think it is a very legitimate concern if we have got a force here that is going to do this, but that force would not be there to do that because we would be stealing from it for troops to use in existing battalions that we have.

Can you give us the latest update on that problem?

Mr. WEBB. Well, first of all, it is our policy and the way we are approaching training that they will deploy as units. Obviously that could vary depending on the nature of a combat commitment.

For instance, in World War I and World War II, particularly the National Guard combat units were able to deploy and did extremely well. When you have a country that is under, if not a full mobilization, a large mobilization, then this is a logical way to introduce your combat units. If you were in a limited war scenario, you run some very real political risks by doing that.

I am thinking as I speak of what happened to a Guard unit in Vietnam which was from Barstown, KY, where they had a small unit that deployed up to the DMZ, it was overrun and they had 36 men out of a very small town killed. That is a political implication in less than a large scale mobilization that I think everyone should understand.

But under the scenarios that we are training for, we believe strongly that the deployment should be by unit. It is better for morale, it is better when you work people through a training regiment that they understand the individuals who are around them, and that is our intention.

Senator EXON. Well, my question is—and maybe you cannot answer it—my question is, given the scenario that we work on from time to time of an all out attack by ground forces of the Soviet bloc on Europe, you are familiar, as I think I am, with the various levels of casualties that the NATO and U.S. troops would sustain and the demand that would be apparent for filler forces immediately.

Most of the plans that I have seen would indicate that to a substantial extent some of our Reserve, especially the National Guard forces, would be pretty well decimated and would not be able to carry out the specific assignment that they had been assigned to.

Is that still a concern of yours?

Mr. **Webb**. I have not seen that in a plan. I think that the initial fillers that we are counting on are going to be active duty personnel stationed stateside, and elsewhere, and members of the Individual Ready Reserve. We are planning, and FORSCOM is planning, that the units are going to go as units, particularly in the NATO scenario.

Senator **Exon**. I just keep coming back to it because I think one of the potential difficulties that we have with war plans and defense is that sometimes they get outmoded. I mean, you know the history of World War II, the Maginot line was going to be a real wonderful thing, and there was no way that France could be overrun with that Maginot line.

Well, you know and I know it did not amount to anything, and it was a kind of false security.

I guess what I am concerned about is that if we would use our Guard troops for filler, that is one thing, and you could argue that they should be used for that. I guess what my concern is, I do not want us kidding ourselves that we have a force here to do a specific job when that force might be used someplace else. And so I am talking about overall strategy and planning.

Are you satisfied with our overall strategy and planning, specifically with regard to a ground attack in Europe? Do you believe that we have, given that we do not know exactly what would happen, but would you be secure with the planned deployment and who would do what at this particular time? Do you think that is pretty sound?

Mr. **Webb**. Yes, I do. I have been to Europe to visit the NATO forces and our own forces twice since I have been in the job. I spent time with the German ministry. I spent time with the French ministry. I participated with the British in their largest mobilization exercise since World War II last fall, Operation Lionheart. I went with them all the way from the mobilization depots up to the British Army of the Rhine. It is a cooperative effort as you know, Senator, and I believe that we are addressing it properly.

SUSTAINABILITY

Senator **Exon**. This gets us into another area that is not directly concerning yours, but I think it ties in with it. Are you convinced that there is sufficient ammunition available and stored there to repel a Soviet attack until we could get new supplies over?

Mr. **Webb**. The issue of sustainability is one that concerns I think everyone in the Department of Defense, particularly in an era of finite resources. It seems to be something that ends up on the cutting room floor when the budget goes forward.

Senator **Exon**. It sure does.

Mr. **Webb**. But I am concerned about that.

A lot of good has been done during the last 4 years on the area of sustainability. We have doubled the sustainability in Europe. We still have some problems with our allies on their sustainability in Europe and the Pacific, and it is not directly in my function, but I am very interested in the issue. In fact, I have scheduled a visit in April down to the Holston Army Ammunition factory in Tennessee just to see how this whole process works and try to get a better handle on it personally.

Senator EXON. Thank you, Mr. Webb.

Thank you, Mr. Chairman.

Senator WILSON. Thank you, Senator Exon.

Mr. Secretary, we are going to let you go. Let me ask for the record some questions that have been requested by the Reserve Officers Association. I will simply read them and you can reply for the record, please.

First, does the use of the same percentage, 50.8 percent, to fund the retirement accrual for both the active and reserve military personnel accounts properly reflect the true costs of Reserve retirement?

Second, in view of the increased use of reservists and Guardsmen in operations such as the Grenada rescue, what is the difference between an active member's and a reservist's medical, disability, and survivors' benefits? Does the survivor of a reservist receive the same benefits as the survivor of an active member where both individuals are killed during the same military operation?

Third, what is the status of the proposed Reserve Officers Personnel Management Act legislation, and when can we expect to receive it?

Mr. WEBB. Yes, sir, we would be happy to give that to you for the record.

[The information follows:]

First, let me address the normal cost percentage (NCP). The NCP is the miltiplier of projected or actual basic pay that is used to determine the amount the Department must budget for and pay into the Department of Defense Military Retirement Fund. For fiscal year 1986 the NCP is 50.7 percent. The law currently specifies the use of a single NCP for both full-time and part-time military members and the 50.7 NCP is clearly correct for the total group.

There is, I believe, a general consensus that the statute could be amended to permit the use of a separate NCP for part-time members. A formal actuarial valuation to determine the NCP for part-time members has not been completed, however it would undoubtedly produce an NCP considerably less than the aggregate NCP of 50.7

The Board of Actuaries appointed under the statute has formally responded to the Secretary of Defense with respect to the question of the actuarial soundness of determining separate part-time and full-time NCP's for fiscal year 1986 and for later years. Their response, in part, was as follows:

"The Board considers it inadvisable to make an isolated change which might reduce the normal cost, such as determining separate part-time and full-time normal cost percentages, before the evaluation is completed which will reflect the Board's recommended changes.

With respect to later years, the critical issue is the adequacy of the data base. We understand that a study of this issue is underway and steps are being taken to develop a data base which will permit a reliable determination of dual normal cost percentages. The Board will consider whether the data available for the upcoming valuation is adequate to reliably determine separate normal cost percentages for fiscal year 1987."

One of the objectives of the establishment of a system of accrual funding for the military retirement system was to ensure that the future retired pay costs of military personnel would be taken into account within the Military Departments in making manpower and force structure decisions. This objective will be less than fully realized if the NCP used for part-time members in the Guard and Reserve is too high in relation to the NCP for full-time members of either the Active or Reserve components. The Department will examine this matter again pending completion of the upcoming actuarial valuation. The recommendation of the Board of Actuaries will be carefully considered in this review.

Secondly, before discussing how the medical, disability and survivor benefits of Guard and Reserve members differ from those of their Active Force counterparts, let me emphazie that the benefits accorded survivors of Guard and Reserve members who die as the results of an accident, such as the C-130 crash off Honduras that took the lives of 21 members in January of this year, are virtually the same as those accorded the survivors of Active Force members.

The major differences between the benefits provided active force members (i.e., those performing active duty under orders for a period of more than 30 days), and Guard and Reserve members performing any duty other than active duty for more than 30 days, occur when the member is disabled or dies as the result of an illness or disease.

Under those circumstances, Guard and Reserve members are not uniformly entitled to pay and allowances while recovering, even though the illness or disease (such as a heart attack) was incurred in the line of duty and they are unfit to perform either their military duties or return to their civilian job. Similarly, if they are permanently disabled from that illness or disease they are not entitled to disability retirement or severance pay. If the member dies as the result of an illness or disease incurred on inactive duty training (weekend drills), his or her survivor will be entitled to neither a death gratuity (a $3,000 lump sum payment) nor Dependency and Indemnity Compensation (DIC) payments.

Our objective is a fair and reasonable system to protect Guard and Reserve member and their families when the member dies or is disabled in the line of duty for any reason. This, we believe, is essential in view of the degree of readiness required of the Guard and Reserve and the intensity of training associated with this readiness.

Finally, with respect to the Reserve Officer Personnel Management Act (ROPMA), we have nearly completed the coordination process within the Department. Our goal is to forward the ROPMA legislation as early in this session as possible. I believe we have a sound proposal which will enhance the career process for Guard and Reserve officers and improve the officer personnel management capabilities of the Department.

Senator **WILSON**. Thank you very much, Mr. Secretary. We are grateful for the time and effort that you have devoted to your appearance here and look forward to working with you.

Mr. **WEBB**. Thank you very much.

Senator **WILSON**. We have a few additional questions which we will appreciate your answering for the hearing record.

[Questions with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR PETE WILSON

PILOT SHORTAGES

Senator **WILSON**. Dr. Korb, in your prepared statement, you note that the services' pilot shortage has decreased dramatically from over 5,000 in fiscal year 1981 to under 1,000 today. But you also note that pilot retention is affected by airline hiring and that situation is being watched closely to ensure that the service remain competitive.

First, to what specific factors do you attribute the dramatic decrease in pilot shortage between 1981 and now?

Second, although you say the Department is watching the pilot manning situation, the Secretary of the Navy recently announced that he is taking fairly dramatic steps immediately to stem an exodus of pilots from the Navy? Is there any conflict in these two positions—that is, is the Navy acting prematurely and without good cause or are increased monetary incentives needed immediately?

Dr. **KORB**. The dramatic decrease in pilot shortage between fiscal year 1981 and the end of fiscal year 1984 can be attributed to several factors. They include a poor economy, decreased airline hiring, aggressive retention initiatives by the services, and the inception of the Aviation Officer Continuation Program (AOCP) by the Navy in 1981 which was directed at the mid-grade officer.

During the last half of fiscal year 1984 and the first quarter of fiscal year 1985 both the Air Force and the Navy have witnessed a significant increase in the number of resignations among pilots in the mid-grade ranks. Specifically, among

Navy pilots, resignations increased 75% from fiscal year 1983 to fiscal year 1984. And, the number of resignations for the first quarter of fiscal year 1985 are approximately three times as great as for the same period in fiscal year 1984. To try to stem this exodus, which has seen retention decline in the Navy from 58% in fiscal year 1983 to 56% in fiscal year 1984 to a projected 53% in fiscal year 1985, the Navy has announced a revised bonus program. Targeted to specific community groups (principally sea-based), this program has been initiated to try to stablize pilot retention rates and minimize the impact of the pilot losses.

Given the current climate of an improved economy, increased airline hiring (see table below) and the declining retention rates, there is no conflict between these two positions. The Navy has simply evaluated this adverse set of circumstances which has recently developed and reacted decisively, not prematurely. ~~The~~ Navy has targeted an enhanced bonus program at selected pilot communities. In so doing, it intends to avoid the critical shortages that it experienced in the late 70s, when a similar combination of increased airline hiring and poor retention rates has a significant adverse effect on Naval aviation manning, readiness, and safety.

Airline hiring

Number of hires fiscal year:	
1980	837
1981	1,330
1982	843
1983	2,168
1984	5,137
1985 (estimated)	6,000
Number of exmilitary fiscal year:	
1980	695
1981	944
1982	590
1983	1,301
1984	2,054
1985	....

MILITARY RETIREMENT

Senator **Wilson**. How can you argue that changes to the military retirement system can only be made in the context of the overall compensation package and at the same time propose a change in that system for this year? Furthermore, even though your argument seems to make sense on its face, why should this subcommittee believe it when some alteration in military retirement has occurred every year for the past five years, at least, without any demonstrated adverse effect on the force?

Dr. **Korb**. The decision to provide no COLA increase to military retired pay was not a Department of Defense initiative. It was a decision made by this Administration in recognition of the current state of the federal deficit. It applies not only to military retired pay, but to all federally indexed retirement programs. We estimate that the COLA freeze on military retired pay would reduce the federal deficit by $438M in fiscal year 1986 and by about $2.4B over the next five years. Since the freeze is temporary, it should have negligible impact.

The impacts on the force of the effects of the erosion in military retirement entitlements over the past five years are not readily apparent for several reasons. First, the biggest impact, "High-three averaging," affects only personnel who have entered service since 1980; thus the impact is still ahead of us. Second, the one-half assumed COLA for members under age 62 was temporary and, due to the decrease in inflation, the effect was minor. Specifically, members under age 62 received a 3.3 percent adjustment on April 1, 1983, compared to 3.9 percent for members over age 62. Finally, we have taken other offsetting measures. We have substantially increased or added special and incentive pays. These include investments in enlistment/selective reenlistment bonuses, enhancements in aviation career incentive pay, authorization for aviation officer continuation bonuses, enhancements in career sea pays, improvements to special duty assignment pays and the expansion of hostile fire pay to include exposure to imminent danger. We made significant improvements in the quality of life for our members and their families: the variable housing allowance was initiated to assist members in defraying housing costs in high-cost areas, PCS mileage and per diem rates were increased to offset the effects of higher costs and inflation, and the dependent student travel program was enacted. We have also demonstrated our commitments to our former members and survivors. We were successful in getting student and widows' survivor benefits restored, increased Dependency and Indemnity Compensation rates, and repeal of the permanent one-half COLA cap.

We are confident that we can continue to satisfy our personnel requirements with volunteers. However, the sustained economic recovery, the decline in the military-age youth population, and the widening comparability gap between military and civilian wages pose difficult recruiting challenges. The compensation initiatives we have included in the fiscal year 1986 budget are urgently needed to ensure we fulfill our manpower requirements.

Without these offsetting entitlements, it is unlikely that we would have made the dramatic recovery in military readiness we have sustained since this administration took office.

DOD REVIEW OF MILITARY RETIREMENT SYSTEM

Senator **WILSON**. What kind of review of the military retirement system is being conducted today in the Department of Defense?

Dr. **KORB**. We are continuing to review various options. These include proposals concerning the basic retirement structure, the cost-of-living adjustment mechanism, and a combination of both. Also, proposals from non-DOD sources are being reviewed. Key to each of these is the impact that they will have on our active force requirements. It is our long held position that changes must be based on legitimate defense requirements and should not be made at the sacrifice of our readiness capability.

Senator **WILSON**. Assuming that your statement is correct that the present system is fulfilling its purpose and that these purposes are correct, while recognizing that some argue that the present system in fact forces some of our most experienced and qualified people out of active duty much too early in their lives, are you prepared to tell this Subcommittee that the present military retirement system is the most economical structure which can adequately serve those purposes?

Dr. **KORB**. Yes, I believe that the current structure is the most economical for our needs at this time. The system is not overly costly. Our analysis indicates that the current system is 1.2 to 1.5 times more costly than the average private sector plan, not 6 times more costly as the Grace Commission claims. The nature of military service, which includes frequent moves, restriction on personal freedoms taken for granted in the private sector, family separation, and the ultimate risk of life, merits a system that makes these sacrifices bearable. The current system, despite recent changes that have reduced its value (15–20 percent), provides the foundation we need in military compensation to sustain a youthful and vigorous force. Furthermore, it is not less costly to keep people to 30 years of service as many advocate. The only way a 30-year system would be less costly would be if the benefits were reduced. Previous studies in fact achieved savings through reducing pre-30 years of service retirement benefits. What most of these studies failed to assess was the impact such reduction would have on the force. The Fifth Quadrennial Review of Military Compensation (5th QRMC) did what these previous studies failed to do. It conclusively showed that such reductions would severely reduce the career force inventory—less incentive to go to 20 years of service (only 13 out of 100 entrants reach that point under the current system), let alone 30 years of service—unless benefits are restored in another form.

Senator **WILSON**. As you know, the Fifth Quadrennial Review of Military Compensation conducted extensive analysis of the services' force structure needs and how a retirement system could be used to meet those needs. Out of that analysis came four possible alternative approaches to military retirement. Would you please comment on those alternatives?

Dr. **KORB**. The 5th QRMC found that the current system is fulfilling the purposes for which it was designed—to maintain young, vigorous and mission-ready forces; to provide a measure of post-service financial security in order to attract and retain the kind of people we need; and to support a base of experienced personnel. The current system provides the proper balance we need in youth and experience. The 5th QRMC suggested four alternatives that could reduce retirement costs if accepted as proposed. These alternatives were based on reducing annuities and offsetting the reduction with discounted lump-sum payments up front. The potential harmful impacts on readiness if any of the alternatives were not adopted in total, and the potential instability of economic assumptions used to estimate savings, led us to recommend no change at this time. We believe this is prudent in view of uncertainties in pay, COLA, and other entitlements which will be addressed by the Congress in light of current fiscal realities. We must protect the hard-won gains we have made in strengthening military personnel readiness, especially in the face of declining youth cohorts and unemployment rates. A wrong signal at this time could cause a hemorrhage of talent which we would have to pay dearly to rebuild.

FEDERAL EMPLOYEES SERVING GUARD OR RESERVE

Senator **Wilson**. What is the Federal Department's policy with respect to paying its employees while serving on duty in the Reserves?

Secretary **Webb**. Under the law (section 5519 of Title 5, United States Code), Federal employees who are members of the National Guard or Reserve are entitled to receive their full civilian pay for up to 15 days a year while in a military leave status to participate in active duty for training.

Senator **Wilson**. What is the prevailing State and local government practice with respect to paying their employees while serving on duty with Reserves?

Secretary **Webb**. The vast majority of State and local government follow the practive of the Federal government and provide full civilian pay for up to 15 days a year to Guard and Reserve members while performing their annual training.

Senator **Wilson**. How much could be saved from fiscal year 1986 budget request if Federal employees were not paid by their agencies while serving on active duty for training with the Reserves?

Secretary **Webb**. Based upon the annual salary data supplied to us by the Office of Personnel Management as part of the annual Federal Sector Reserve Screening Program, we estimate federal agencies will pay out approximately $111.8 million in military leave entitlements during fiscal year 1986.

The Federal government's military leave policies have served as the example for other employers to emulate. The Federal government's abandonment of its paid military leave policy would clearly signal other public and private sector employers to do likewise and, in the process, substantially erode a powerful economic incentive for many members to continue their active participation in the Reserve Forces. I believe the potential short term savings in terminating federal military leave pay would be overshadowed by the predictably adverse long term consequences of such a change.

RESERVE COMPONENT PERSONNEL

Senator **Wilson**. Secretary Webb, the Nation has dramatically increased its reliance on its Reserves to provide for the national defense. I am concerned about whether the American people truly have been made aware of this increased reliance. What is being done to educate the American people, and especially the employers of our Guardsmen and reservists, about the commitments we require from our Reserve component personnel and to help insure that serving in the Reserve components does not involve so great a loss of wages, or even employment, as to drive people out of the Reserves?

Secretary **Webb**. This is an important issue and I share your concern. The National Committee for Employer Support of the Guard and Reserve, which is under my supervision, has established an effective network of state-level committees and nationwide programs to gain and maintain public and employer awareness and support. Volunteer membership on these committees now numbers about 3,000 and includes influential business, labor and civic leaders and officials.

The National Committee directs a nationwide public service advertising program sponsored by the Advertising Council. This year, some 800 television and 7,000 radio stations will broadcast employer support Public Service Announcements. Printed materials were furnished to more than 9,000 daily and weekly publications. These activities, and many others, have served to publicize the importance of the Guard and Reserve in the Total Force and the need for employer support so that citizen-soldiers, sailors, airmen, Marines and Coast Guard personnel will be well trained and prepared to augment the active military in the event of a national emergency.

Questions Submitted by Senator Strom Thurmond

MILITARY CONSTRUCTON FUNDING

Senator **Thurmond**. Mr. Webb, Military Construction funding for National Guard Armories is split 75% Federal funds and 25% State funds. Unfortunately, some States are very slow in supporting these requirements causing very slow rates of contract for armory projects. Do you have any suggestions for addressing this problem?

Secretary **Webb**. A possible solution to this problem is the earlier identification and design of projects which permit additional time for the states to respond in budgeting their 25% share.

EQUIPMENT FOR GUARD AND RESERVES

Senator **Thurmond**. Each year the Congress adds money to the defense budget to buy equipment for the Guard and Reserve. I presume you would look favorably on this initiative?

Mr. **Webb**. We believe that, in an era of finite budget resources, the Guard and Reserve have been dealt with fairly. This is particularly true in light of the full participation my office has been accorded subsequent to its elevation to the level of an Assistant Secretary of Defense. I sit as a member of the Defense Resources Board, and was able to both initiate and support proposals to strengthen the Guard and Reserve areas of the budget.

However, I also fully recognize the authority of the Congress to appropriate funds as it sees fit. If the Congress desires to appropriate differently than the Department of Defense recommends, I would defer to that judgment.

Questions Submitted by Senator John Glenn

FUTURE MANPOWER QUALITY REQUIREMENTS

Senator **Glenn**. Dr. Korb, last year this committee requested the Defense Department to submit a report on the future manpower quality requirements in each of the military services.

Without going into great detail, can you tell us what the general conclusions of this study are?

Dr **Korb**. The services have submitted their analyses on future manpower quality requirements, and my staff is currently evaluating their inputs and preparing a detailed report to Congress. I believe that it is too soon to attempt to draw any specific conclusions on this important subject. Generally speaking, however, I can tell you that the Services did their best with the time they had, but the overall effort suffered because of the lack of a validated methodology to determine accurately the costs/ benefits associated with incremental increases in quality. Furthermore, until we conclude our research to link job performance with enlistment standards we cannot define absolute quality requirements with any precision. We do know that high school diploma graduates are less costly than non-graduates because they have a substantially lower first-term attrition rate. In the Army, for example, about 75 percent of high school graduates complete their first term compared to only about 50 percent for non-graduates. We also know that lower aptitude personnel are harder to train than their higher scoring peers even in low and moderate skill jobs. This is due largely to low reading ability—frequently at the 5th and 7th grade levels among persons in AFQT Category IV.

As the proportion of non-graduates or low aptitude recruits increases, force costs will rise. The number of accessions (and hence training costs) will need to be larger to maintain a given end strength. I have included an interim report on future manpower quality requirements in my 11 March 1985 Statement on Recruiting and Retention before the Senate Subcommittee on Manpower and Personnel in order to provide you with as much additional detail as possible.

Senator **Glenn**. Dr. Korb, how much longer do you expect we will be able to continue the high recruit quality levels of fiscal year 1984, when 93% of non-prior service recruits in DOD had a high school diploma and 93% scored average or above (Armed Forces Qualification Test Category I–IIIa) on the enlistment test?

Dr. **Korb**. Recruit quality achieved during fiscal year 1984 represented all-time record highs, and it would be unrealistic to expect that we could maintain that leval of quality under anything but optimum recruiting conditions. As the recruiting environment becomes more difficult, the level of quality will no doubt decline somewhat. Through the first quarter of fiscal year 1985, 92 percent of all DOD enlisted accessions were high school diploma graduates and 91 percent scored average or above on the enlistment test—down 1 and 2 percentage points, respectively, Our Recruit Early Warning System (an econometric forecasting model that considers economic factors and recruiting resource levels) projects that the supply of quality recruits for the Marine Corps and Air Force will be only slightly lower in fiscal year 1985 (one to two percentage points). Moreover, according to the model, Army and Navy will experience increased difficulty, but their quality should decline only about 3 to 5 percentage points from last year's record performance.

Senator GLENN. The purpose of our request for a report on future manpower quality requirements was to determine now what the alarm level for the future should be.

In your view, how far, if at all, can the services come down from the level of quality recruited in fiscal year 84 and still effectively perform their missions?

Dr. KORB: The issue of an "alarm" level for accession quality is extremely complex. From the perspective of efficiency, increasing the number of non-high school graduates and lower AFQT category recruits will at some point be more expensive (recruit, train, retain) as more recruits will be required to achieve the same level of trained personnel. In this sense, quality requirements are not independent of supply and demand forces in the youth labor marketplace. From the perspective of mission capability, the question is at what point can we no longer man the units with enough adequately trained and capable personnel to perform this mission. The Department currently does not have a validated method to determine either an optimum or a minimum accession quality profile.

Our experience over the last four years tells us that the benefits of higher quality personnel are many. Our experience in the late 1970s indicates that we must never allow quality to dip to the levels experienced by the Army during this period (i.e 40–50 percent non-high school graduates and 40–50 percent AFQT Category IV). As a matter of general philosophy, we would be ill-advised to develop a military capability that requires a manpower quality level that is higher than that of the qualified population from which we recruit, e.g., 75 percent high-school graduates and 80 percent AFQT Categories I-III (average or above). However, we should continue to recruit the highest quality we can, given market conditions and allocated recruiting resources, in order to take advantage of the substantial benfits of higher quality recruits.

In this regard, we do not advocate increasing recruiting budgets to achieve unvalidated quality objectives. Neither do we favor cutting recruiting budgets to constantly force quality down to marginal levels. Successful recruitment requires a long-term commitment to a continued presence in communities across this country with adequate resources to project an honorable and professional image.

CIVILIAN END STRENGTH CEILINGS

Senator GLENN. What has been your experience so far this year in operating without any civilian end strength constraints? What tangible benefits or efficiencies can you point to as a result of this experiment?

Dr. KORB. After the fiscal year 1985 Defense Authorization Act was enacted, we issued guidance to the Military Services and Defense Agencies. This guidance emphasized the use of productivity efforts to make the most of the flexibility provided and stressed that our measured labor productivity indicators must continue to improve.

With only the first quarter of this fiscal year complete, it is too early to anticipate the results of operating the entire Department without ceilings. However, we are confident that removing civilian ceilings will produce the same types of benefits achieved in our industrially funded activities in fiscal year 1983 and fiscal year 1984 (i.e., elimination of wasteful fire/rehire efforts to meet end-of-year constraints, greater ability to respond to workload changes, increased training flexibility, and more timely recruitment). On March 1, 1985, we submitted a report, required by the Authorization Act, detailing the effects of operating without ceilings.

Senator GLENN. What is the position of DOD and OMB on the question of operating without any civilian end strength constraints in the future?

Dr. KORB. The position of DOD and OMB is to support the elimination of statutory ceilings.

We appreciate the opportunity to prove that the Department can operate effectivtly and efficiency when relieved of statutory ceiling controls, and we continue to maintain the position that civilian manpower levels should be determined by mission requirements and funded workloads. We should also point out that the Administration is opposed to statutory restrictions on administrative management of civilian employment.

Questions Submitted by Senator Sam Nunn

TWO-YEAR AUTHRORIZATIONS FOR MANPOWER STRENGTHS

Senator NUNN. Dr. Korb, the committee is considering areas of the fiscal 1986 authorization request that would be suitable for a 2-year authorization.

What would your reaction be to a 2-year authorization for Active, Reserve and civilian strengths in fiscal year 1986?

Dr. **Korb**. I am in favor of a 2-year authorization for Active and Reserve military strengths, but am opposed to reimposing statutory authorizations for civilian manpower. The number of civilians in DOD should be a function of funded workload and mission requirements.

Senator **Nunn**. The justification material submitted to this committee to date discusses only the changes in personnel strengths from fiscal year 1985 to fiscal year 1986. For the record, would you submit the Active Reserve and civilian personnel strength changes by service projected for fiscal year 1987, with an explanation for each of the changes?

Dr. **Korb**. The Active, Reserve and civilian personnel strengths in thousands for the end of fiscal year 1987 are shown below for each service by Defense Planning and Programming Category (DPPC).

DEFENSE PLANNING AND PROGRAMMING CATEGORY

	Active military	Army Navy Marine Corp Air Force Reserve	National Guard	Civilian
Army component:				
Strategic	0.5	0.3		0.2
Tactical/Mobility	474.9	205.3	396.7	27.2
Auxiliary Activities	29.8	0.7		27.0
Support Activities	173.1	80.5	42.6	354.3
Indiv Mob Aug		13.6		
Individuals	102.6	13.8	22.8	
Total	780.9	314.2	462.2	408.7
Navy component:				
Strategic	22.2	0.5		3.5
Tactical/Mobility	302.0	87.2		7.8
Auxiliary Activities	25.1	7.8		35.7
Support Activities	152.3	50.5		273.8
Individuals	91.8	5.7		
Total	593.4	151.7		320.8
Marine Corp component:				
Strategic	(1)			
Tactical/Mobility	122.3	37.9		
Auxiliary Activities	1.7			
Support Activities	45.0	2.2		22.5
Operating Strength Dev	+0.3			
Individuals	32.3	4.1		
Total	201.7	44.2		22.5
Air Force component:				
Strategic	76.1	2.1	22.8	9.0
Tactical/Mobility	157.3	49.7	67.2	31.5
Auxiliary Activities	54.3	3.6	12.7	23.7
Support Activities	279.1	24.2	9.6	206.1
Opr Stn Deviation	−13.1			
Individuals	66.7	1.4	2.4	
Total	620.5	81.0	114.6	270.3

---

[1] Fewer than fifty

FULL-TIME MANNING PERSONNEL SYSTEMS

Senator **Nunn**. Secretary Webb, as I understand it, full-time manning personnel are manned by two different personnel systems, the civilian technician program and the Active Guard/Reserve (AGR) Program.

What are the Department's plans for the continuation of this dual personnel system? How will requested and programmed expansion in full-time Reserve component manning be divided between these two systems through the FYDP?

Does the Department have a career progression program for AGR personnel? Will these AGR personnel rotate like their active duty counterparts? Without this rotation, how will you assure reasonable career progression and avoid stagnation in the AGR program?

With 75,000 projected AGR personnel in fiscal year 1986, don't we run the risk of creating two different classes of active duty military personnel—AGR personnel who are not subjected to frequent rotations and overseas tours and their active duty counterparts who are?

Secretary WEBB. As directed by Congress upon conclusion of the technician test, the Reserve components were free to develop their full-time force mix in the most cost effective manner consistent with their mission needs. This, coupled with subsequent direction from the Congress, has resulted in variation in the composition of the full-time forces by component. The Army's Reserve components and the Air National Guard rely heavily on both technicians and AGR's. The Navy's components depend on AGR's and the Air Force Reserve has programmed only limited numbers of AGR's, relying primarily on its technician force. Future growth, in the Army's Reserve components and the Air National Guard, particularly in the near term, is projected to heavier in AGR's than technicians. The Air Force Reserve's principal full-time growth will be in it technician program.

As on the Active component side, the details of career progression programs are managed by the military services to meet their requirements by grade and skill. All of the National Guard and Reserve components which utilize AGR personnel have developed career progression guidelines and standards. AGR personnel in all Reserve components do rotate like their active duty counterparts. Duty locations are, of course, in large part determined by the location of Reserve units. In the National Guard, PCS rotation moves outside of the state in which the member is serving are obvioulsy more limited. Even in the Guard, however, there are and will continue to be moves of varying length. For example, Air National Guard AGR members participate in frequent TDY for training and to accomplish specific missions. This TDY is often outside the United States. Also, PCS and TDY is required of National Guard AGR members for technical and professional military education and training. In addition, many members will seek out duties at different locations in order to enhance their career progression.

I would be remiss if I did not emphasize, however, that the AGR program is intended to provide stability, continuity, and experience in Selected Reserve units. This enhances training and readiness and ensures that part-time members can devote their relatively limited time to training. Career progression and rotation programs for AGR members must not detract from the accomplishment of this primary objective.

MORE FULL-TIME RESERVISTS AND GUARDSMEN REQUESTED

Senator NUNN. Mr. Webb, again this year the Reserve components are requesting large increases in the number of National Guardsmen and Reservists on full-time active duty.

The 19,588 increase requested for fiscal year 1986 is more than double the fiscal year 1985 increase of 8,824, and will cost approximately $440 million in fiscal year 1986.

Where will these additional full-time personnel be assigned?

Do you have any hard evidence that these active duty personnel are improving readiness out in the Selected Reserve units where they are assigned?

Secretary WEBB. Seventy-two percent of the increase requested will go into the Army National Guard and Reserve. The Army is targeting the increase in full-time support at the unit level. These increases are based on the specific workloads required to meet and maintain desired readiness levels and will support such activities as training, supply, transportation and administration. Another 8 percent of the increase, about 1,500, is attributable to an accounting realignment of recruiters on tours of one or more years in support of the Naval Reserve. These recruiters were formerly included in the active Navy account and will now be properly reflected in the reserve account. There is no increased cost associated with the spaces realigned. Over one-half of the remaining 2,800 Navy TAR increases are going to ships. Others will go to maintenance and other support facilities and fleet readiness squadrons.

Sufficient full-time support has long been associated with the ability to achieve and maintain Reserve component readiness. This is particularly true given the projected changes and increases in force structure, and the acquisition of increasingly complex equipment and weaponary. We have no specific experimental data which has resulted in a validated equation that "X" full-time support equals "Y" readiness. However, we have seen steadily ascending lines in both the amount of full-time support and overall Reserve Forces readiness. The Air Reserve forces, which traditionally have had higher levels of full-time support, lead the other components in operational readiness. On the Army side, a study of selected units in which the level of full-time support was increased, found readiness improvements within one year of implementation.

Senator WILSON. That concludes the hearing.

[Whereupon, at 4:06 p.m., the subcommittee adjourned subject to the call of the Chair.]

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1986

THURSDAY, MARCH 7, 1985

U.S. SENATE,
SUBCOMMITTEE ON MANPOWER AND PERSONNEL,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

MANPOWER AND PERSONNEL ISSUES

The subcommittee met in open session, pursuant to notice, at 2 p.m., in room SR-232A, Russell Senate Office Building, Senator Pete Wilson (chairman) presiding.

Present: Senators Wilson, Thurmond, Denton, and Glenn.

Staff present: Patrick A. Tucker, counsel; Richard D. Finn, Jr., George K. Johnson, Jr., David S. Lyles, professional staff members; Patricia L. Watson, research assistant; and Mary J. Kampo, staff assistant.

Also present: Mark J. Albrecht, and Curt Erixon, assistants to Senator Wilson; DeForest Hamilton and Allan Cameron, assistants to Senator Denton; Jeffrey B. Subko, assistant to Senator Exon; James Steinberg, assistant to Senator Kennedy; and Phillip P. Upschulte, assistant to Senator Glenn.

OPENING STATEMENT BY SENATOR PETE WILSON, CHAIRMAN

Senator WILSON. The hearing of the Manpower and Personnel Subcommittee will come to order.

Good afternoon, ladies and gentlemen. The subcommittee meets today to conduct its second in a series of hearings on the manpower portions of the Department of Defense Authorization Act request for fiscal year 1986.

This hearing was originally scheduled for yesterday but because of conflicting subcommittee hearing schedules which arose because of the joint session of Congress called yesterday, it had to be postponed until today. I regret any inconvenience which may have been occasioned to the witnesses or to the public by this rescheduling, but it was beyond the control of the chairman and was unavoidable.

Last week at our first hearing the subcommittee received testimony and questioned witnesses from the Office of the Secretary of Defense. Today we have the opportunity to hear from the senior military officers responsible for manpower and personnel in each of the armed services. This hearing should give the services the chance to make their cases for their various proposals relating to force structure, compensation, and benefits contained in the President's budget request, and to bring to the subcommittee's attention matters which may be of special interest to one or more of the services.

As was announced at our hearing last week, Senator Warren Rudman, my good friend and distinguished colleague from New Hampshire, was scheduled to testify at the hearing. Actually, he was scheduled to testify yesterday afternoon at the time this hearing was originally set. However, because this hearing had to be rescheduled Senator Rudman is unable to be with us today.

He has recently proposed reductions in the defense budget involving reductions in active duty and civilian end strengths for all of the services, with such reductions coming from forces described by the Pentagon as support or auxiliary personnel.

I think that the subcommittee must give serious consideration to the points which Senator Rudman has made and determine whether manpower costs can be reduced effectively in the manner that he has proposed. I am therefore attempting to arrange for Senator Rudman to testify at one of the additional hearings which we have scheduled in the next couple of weeks. We will try to put him before the subcommittee as early as is practical and convenient for him and for the subcommittee.

Today we should take the opportunity to hear from the service personnel chiefs about their views of the proposals made by Senator Rudman. They obviously will be welcome to return or to send representatives at such time as we have the Senator here himself on his proposal. But this hearing today does afford an opportunity for such comments relative to Senator Rudman's proposals as each of the witnesses may care to make.

My distinguished colleague, the ranking member, Senator Glenn, has advised us that he will be in attendance but has been delayed, and in the interest of your time he has asked that we go forward. When he comes, I will recognize him to make whatever statement he may wish to make.

Gentlemen, let me welcome all of you, and we will begin by hearing from Lt. Gen. Robert M. Elton, the Deputy Chief of Staff for Personnel for the U.S. Army.

STATEMENT OF LT. GEN. ROBERT M. ELTON, DEPUTY CHIEF OF STAFF FOR PERSONNEL, U.S. ARMY

General Elton. Thank you, Mr. Chairman.

It is a privilege for me to appear before you today. If I may, I would like to briefly summarize my statement and ask that it be put into the record along with some key supporting charts which you find on your desk.

Unquestionably the readiness of the total Army is our most important challenge. The readiness of our personnel and viability of our manpower programs are major contributors to total readiness.

Our personnel readiness is built on the bedrock of quality soldiers. We consider our quality requirements—the mental, physical, medical, and moral standards—to be a reasoned approach to optimizing the maximum combat capability from our new modern equipment.

The accelerated tempo and increased lethality of future battle will place greater physical and mental demands on our soldiers than at any time in history. To meet this violence successfully, our leaders and soldiers must be capable of exercising immediate initiative and flexibility. We must have a reasonable share of quality American youth.

While the active component end strength will remain constant at 780,800, the force structure within the army of excellence is being modified by adding two new divisions, plus additional special operational forces, improving light forces, streamlining heavy divisions, and augmenting our corps warfighting capability. These changes are achievable as a result of organizational modernizations, greater reliance on our Reserve and civilian components, as well as other economies and efficiencies.

In this regard, the Reserve component end strength is projected to increase from 724,000 to 751,000 in fiscal year 1986. By 1988, the combined strength for the Reserve components will be greater than the Active component. This positive growth trend increases the demands on our citizen soldiers, their families and their employers.

Though our civilian component is projected to increase by approximately 4,700 employees in fiscal year 1986, our real growth in budget and work years remains constant. This readiness enhancement will help support our force structure changes for the army of excellence and directly support medical quality assurance programs, European ammunition management, and training initiatives.

With support from the Congress for our recruiting program, fiscal year 1984 was a banner accession year. Over 90 percent of our accessions were high school diploma graduates and over 63 percent scored in the upper test score category on the Armed Forces qualification test.

Regardless of our accession success, we did not enjoy the same success in writing contracts. We attribute this to an improved economy and greater employment opportunities—hence, greater competition. The bottom line is that we ended 1984 with approximately 10,000 less in aggregate and 9,000 fewer in the top three mental categories in our delayed entry program than when we entered.

This trend is continuing in 1985, and forces in the marketplace projected for fiscal year 1986 will make recruiting even more difficult. We have changed our approach based on the improving economy and shrinking youth population, and we are now targeting specific age markets to reverse this decline in contracts for both aggregate accessions and quality content.

If I might call your attention to chart 1,[1] this chart talks to recruiting trends and the recruiting of I–IIIA high school seniors and graduates, their contracts, starting from the second quarter of fiscal year 1983 and through the present first quarter of fiscal year 1985.

The dotted line gives you a clear-cut picture of the percent of unemployment as it has decreased for 17- to 21-year-olds. That is on the right portion of the graph scale. And the percent of the mission achievement is on the left scale.

---

[1] See prepared statement.

As you can see, the bars beneath the line indicate high school graduate achievement, which has failed to meet our mission since the third quarter of fiscal year 1983. The bars above the line indicate success with high school seniors, but that is tempered by the fact that the graduate mission is twice as great as is the mission for seniors.

We have recently completed a thorough study of the cost and benefits associated with a high-quality Army—our attempt to answer the question of how much is enough for every skill in the Army. Two fundamental findings have emerged from this study.

First, the Army's quality measures, educational achievement and Armed Forces Qualification Test scores, are valid predictors of soldier performance. And, second, overall personnel costs are relatively constant regardless of soldier quality. Our conclusion is that we consider that our current quality objectives are reasonable and attainable. We will forward the detailed study for your review through the Office of the Secretary of Defense very shortly.

However, chart 2 [2] talks to the quality of the force. The lefthand portion of chart 2 talks to AFQT categories I to IIIA, and the percent of the force with which we are concerned. The bar on the far left indicates that the current first tour force contains about 50 percent in the upper three mental categories. The current career force, which is the second bar, contains about 38 percent in the upper mental categories. That is the current situation in the Army.

Based upon this detailed review, however, we have determined that our requirements for upper mental categories are the third bar, 59 percent, as an accession target, which would attrit to 47 percent as a career target. As I said, the details of this study will be available for you in the near future.

The Secretary of the Army recently said that the retention of quality enlisted leaders will be one of our major challenges throughout the remainder of the 1980's. Although we slightly exceeded our first term reenlistment objectives for 1984, we fell short in the mid-term and careerist categories in selected combat arms, intelligence, and maintenance skills.

To both sustain our current enlisted career force and improve its force alignment, we have requested an increase in bonus programs for fiscal year 1986. We consider the Selective Reenlistment Bonus Program essential to meet our retention and force alignment goals. This program is more important now than at any time in our recent past, based upon the improving economy and higher quality of reenlistment eligible soldiers, many with civilian marketable skills.

Chart 3 [3] talks to the migration of combat arms soldiers from their initial term of service. It talks to the years 1981 through 1984, and it shows very clearly those years in which there was not a bonus placed upon the combat arms soldiers. The migration was at least 20 to 35 percent. And where there was a bonus or the bonus had been restored, that migration dropped to 10 percent or less.

---

[2] See prepared statement.

[3] See prepared statement.

While total reenlistment goals are expected to be met, we remain concerned that quality soldiers may leave the Army, and we strongly advocate that a fair and competitive level of compensation is required to maintain this quality force. Congressional support of the fiscal year 1986 special and incentive compensation programs is essential now in light of the increasing loss of pay comparability. The success of these vital programs is made possible through your support.

We remain committed to improve quality of life for our soldiers and their family members. Our central theme in the development of our quality of life program has been the total family. Our efforts have focused on the unique and diverse pressures that military families experience during relocation, extended absences for field duty, training exercises, deployments, and assignments to short-tour areas without family members.

Our new and proactive approach incorporates the wellness attributes from successful military families. As an example, our child care development program emphasizes development versus the postnursery concept from the past.

Although we have made a strong beginning in building the Army-family partnership, more remains to be accomplished. Congressional support for our programs will send a much-needed positive signal to our soldiers and families about the value placed on their contribution to the national security.

In order to institutionalize this process, we have recently organized a new field operating activity, entitled the Community and Family Support Center, which will dramatically increase the Army's commitment to quality of life. This new center will plan, develop, and operate systems and programs to meet the changing needs of Army families and communities. I have provided you a copy of the 1985 edition of the Army family action plan, which will guide their efforts.

In closing, I pledge that the Army will work both harder and smarter, leaving no stone unturned, to maintain the positive glide path on quality personnel for the Army of Excellence. Our goal is to foster the highest level of ethics, military excellence, and personal conduct. Through quality personnel, committed to standards of excellence, our Army stands ready today, preparing for tomorrow.

Thank you.

[The prepared statement of General Elton follows:]

PREPARED STATEMENT BY LT. GEN. ROBERT M. ELTON, DEPUTY CHIEF OF STAFF FOR PERSONNEL, U.S. ARMY

INTRODUCTION

People are the Army. During 1984, the Army's "Year of the Family," we focused on three parts of our family—people (soldiers, family members and retirees), units and components (Active, Army Reserve, National Guard and Army civilians). In all three, our personnel readiness is greater than at any time in recent history.

In 1984 the Army, with congressional support, established a beginning in the quality of life improvements for soldiers and family members. Our quality of life and family programs strengthen the bond of partnership between the Army and its members. The Army remains committed to assuring adequate support to families to promote wellness and develop a sense of community. I am confident that with your support we can provide our soldiers and their families a way of life representative of that in America and its inherent freedom they so proudly defend.

The quality of our new young soldiers is at the highest level, since the end of the draft era. These quality, fired-up youngsters learn faster, perform better, are less prone to indiscipline, and are more likely to complete their initial enlistment than their predecessors.

Retention, however, requires intensive management and marketing in a highly competitive marketplace. Adequate recruiting resources and recruiting and retention bonuses are essential, now more than ever, as the national economy sustains improvement and more jobs are available from industry and the service sector. If the Army is to continue recruiting quality soldiers and retaining quality leaders, military compensation must remain comparable with the civilian sector. Any change to compensation must examine the total compensation package, together with an accurate analysis of its impact on the retention of a quality career force.

The stewardship of the Army is linked to the Army's theme for 1985—"leadership." Our vision is to develop the full potential of leadership at all levels through new leader development programs and opportunity for assessment of individual competence. Concomitantly, leadership provides an opportunity to revitalize the programs of the previous themes—"The Spirit of Yorktown—The Spirit of Victory (1981); "Physical Fitness" (1982); "Army of Excellence" (1983); and "Army Family" (1984). This theme requires minimal resources, with a pay-off of unlimited potential. The quality of leadership will make the difference between a good Army and a great Army.

Leadership depends on simple human qualities. Above all, a leader requires the soldiers' confidence. This is gained only through the soldiers' respect for their leaders' personal character and professional knowledge, the leaders' sense of justice, courage and common sense.

Quality soldiers

The Army believes with absolute conviction that quality soldiers are the bedrock of a powerful Army—one which is effective both in combat capability and cost. We equate quality recruits to mentally, medically, physically, and morally competent young men and women who are capable, with training, of executing our tactics and doctrine with modern equipment against the continuum of threats; from a low intensity, but deadly terrorist environment through the lethality of a highly sophisticated AirLand battlefield. We use two key measures of quality: high school diploma graduates (HSDG) and achievement on the Armed Forces Qualification Test (AFQT); day after day these candidates are molded into outstanding soldiers.

Our recruiting approach is based on a philosophy that weighs the full spectrum of a volunteer's capabilities, to include the prospective recruit's moral background, medical status, physical capability and mental aptitude for service. It is no longer enough to recruit simply the appropriate numbers of young men and women without regard to their personal attributes, we must fill the military occupational specialties (MOS) with the appropriate quality level that the equipment and tactical doctrine demand.

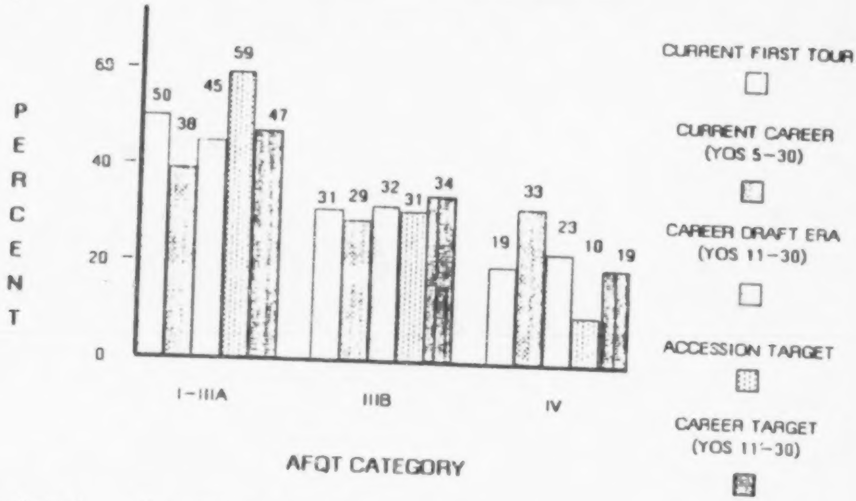
The Army recently completed a thorough study of the cost and benefits associated with a higher quality Army. Two fundamental findings emerged from this study: (1) The Army's quality measures (educational achievement and AFQT scores) are valid predictors of soldier performance; (2) overall personnel costs are relatively constant regardless of soldier quality. Accordingly, the Army established two accession goals: a minimum 90% of its recruits be high school diploma graduates and that they would represent the following mix of AFQT scores:

AFQT Category Percent: I-IIIA, 59-63; IIIB, 31-27; IV, 10.

It is appropriate to place the Army's current goals in perspective. The current career force with more than 11 years of service (i.e., the portion of the current force accessed during the draft era) consists of 44.8% AFQT I-IIIA soldiers. The Army's current accession goals (59% I-IIIA) will result in an enlisted force in which 47% of its members with more than eleven years of service would be in AFQT I-IIIA. Thus, the Army's current quality objectives will replicate its draft era composition. (Chart 1)

CHART 1

QUALITY OF THE FORCE



The Army's quality goals are based upon an assessment by each of its 15 branches (e.g., Infantry, Artillery, Ordnance) of their force quality requirements. Each branch considered trainability, job performance, future structure, and system changes. In defining their accession goals, the branches focused on the quality requirements for its non-commissioned officers, since the Army grows its NCOs from its accessions.

Higher AFQT test category young men and women become more effective soldiers and NCOs. Research data that supports this phenomenon is the results of tank qualification firings in Europe in which approximately 1,100 tank crews participated (Chart 2). Crews composed of higher test category soldiers performed significantly better. In terms of tank company equivalents, a company with 14 Category I, M60 tank crews will average 143 kills during qualification. In order to equal their performance, we would require 15 tanks with Category II crews, 17 tanks with IIIA crews, 19 tanks with IIIB crews, and 25 tanks with IV crews. The effects of quality are likely to be even greater under the stress of combat, when the requirement for leadership and initiative by the individual soldier and tank crew exist on the battlefield.

CHART 2

TANK CREW PERFORMANCE

	M60		M1	
CREW AFQT	KILLS	%INCR RELATIVE CAT IV	KILLS	%INCR RELATIVE CAT IV
I	10.23	75.2	12.75	18.9
II	9.51	62.8	12.47	16.3
IIIA	8.52	45.9	12.05	12.4
IIIB	7.47	27.9	11.57	7.9
IV	5.84	–	10.72	–

Source: 7th Army Tank Crew Qualification, Grafenwohr Training Area, FRG (1984)

In terms of educational achievement goals, a high school diploma is an accurate predictor of the recruit's adaptability and perseverance. As shown below, nearly three out of four male high school graduates stay to the end of their enlistments, while only about one in two non-graduates succeed in completing their term of enlistment. These differences in attrition indicate that it is more costly to teach the required number of trained soldiers if they are non-graduates.

3-YEAR FIRST TERM ATTRITION RATES [1]

[As percent of accession cohort]

	Fiscal year—								
	1977 [2]	1978 [2]	1979 [2]	1980 [2]	1981 [2]	1982 [3]	1983 [3]	1984 [3]	1985 [3]
Male:									
HSDG	27.8	25.8	25.7	27.2	28.2	29.2	27.8	27.8	27.6
NHSDG	49.0	45.6	46.5	51.4	52.3	52.9	49.3	48.6	48.6
Female:									
HSDG	43.0	44.6	44.6	46.6	46.0	44.1	43.7	43.8	43.9
NHSDG	56.1	55.2	([4])	66.4	66.2	NA	NA	NA	NA
Total	38.2	33.8	35.9	41.3	36.0	34.8	32.7	32.2	31.5

[1] Term 3 and 4 accessions only.

[2] Historical source: ELIM-COMPLIP as of ME Oct. 84.

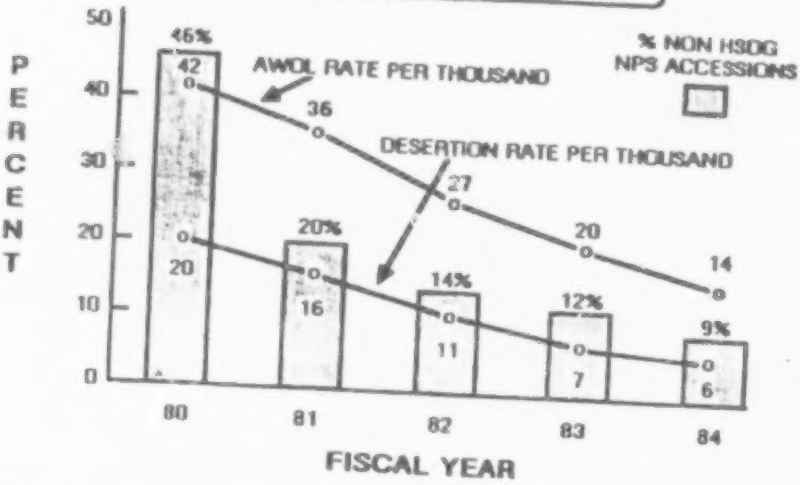
[3] Forecast source: ELIM-COMPLIP as of ME Oct. 84.

[4] Represents an insignificant percentage of the accession cohort population.

Secondly, with regard to indiscipline, the Army has experienced a significant reduction (Chart 3) in AWOL and desertion rates as the non-high school graduate content has decreased.

CHART 3

QUALITY VS INDISCIPLINE



Promotions are keyed to on the job performance evaluations. Nothing in the promotion system rewards an individual for a high AFQT score. Yet, an analysis of promotion rates from Specialist (E4) to Sergeant (E5) establishes that AFQT is a predictor of promotion rate. As shown in Chart 4, higher mental category soldiers tend to be promoted at faster rates than lower mental category soldiers.

CHART 4

E4 TO E5 PROMOTION RESULTS

TIME IN GRADE
(MONTHS)

MOS	HIGH SCHOOL			NON-HIGH SCHOOL		
	I–IIIA	IIIB	IV	I–IIIA	IIIB	IV
11B INFANTRYMAN	22.0	23.9	25.4	22.6	24.5	26.1
63B MECHANIC	39.3	45.1	35.9	44.7	51.4	39.6
51B CARPENTER	32.2	37.8	50.4	36.7	43.1	57.4
76Y UNIT SUPPLY	31.5	33.8	35.9	34.8	37.4	39.6

Overall, considering performance tests and promotion rates, AFQT IIIA soldiers performed on the average 10 percent better than AFQT IIIB soldiers.

While the Army's quality objectives are not based solely on economic considerations, a cost benefit analysis shows that quality soldiers are cost effective. Considering the cost of accessing, training, maintaining and retiring the resulting force, only $50 million would be saved by moving from a force with 90% HSDG to one with 65% HSDG. Furthermore, for this cost ($50 million) a 90% HSDG force results in

6,000 more soldiers in units (based on lower attrition rates) and 24,000 more no-commissioned officers.

On the other hand, a 4% increase (e.g., from 59% to 63%) in the proportion of the enlisted force who are in AFQT I-IIIA (about 27,000 additional AFQT I-IIIA soldiers) costs about $108 million. One hundred and eight million dollars amounts to approximately three tenths of one percent of the Army budget allocated to maintaining the enlisted force. Thus, total costs do not reflect large variations in the number of upper mental category soldiers.

There are two reasons for this insensitivity. First, while AFQT I-IIIA soldiers are more costly to recruit, recruiting costs are a relatively small portion of the total manpower budget. Second, these recruiting costs are partially offest by the reduced pay and retirement costs due to normal end of tour losses (a 52% AFQT I-IIIA population has a career force of 322,000 while a 56% AFQT I-IIIA population has 320,000 career soldiers.)

Comparing this cost data with the preceding information on performance shows that obtaining a 0.4% increase in performance (10% performance increase (IIIAs versus IIIB multiplied times 4% increase in the number of IIIA) would increase enlisted force costs by approximately 0.3%. Since the cost increase is less than the performance increase, the Army's current quality goals are indeed cost effective.

The Army's interest in upgrading the quality of its enlisted force is not a new development; it is merely a continuation of past Army efforts. Recognition of the importance of the quality of our NCOs on the battlefield has been a consistent theme of the Army since World War II. The proliferation of new, more complex, more powerful equipment in recent years and the adoption of a doctrine of warfare that emphasizes flexibility and initiative in major battles and small independent unit actions in low intensity conflicts reinforce the importance of soldiers who are tough, trained and talented. The Army fields systems of personnel and equipment in unit packages and develops doctrine to maximize the lethality of these systems. For the product to be effective, these components (i.e., personnel, equipment and doctrine) must be compatible. It is not possible to diminish the quality of the personnel component without affecting the performance of the weapons systems or the ability of units to perform the Army's increasingly complex mission.

Accessions

Fiscal year 84 was the Army's best accession year since the draft ended. Over 90 percent of the non-prior service people brought on active duty had high school diplomas, and over 63 percent were in the upper test score categories. This success has been a direct result of the Army's efforts to better understand and penetrate the recruiting market. This understanding allowed the Army to better articulate its resource requirements. Substantial improvements in quantity and application of these resources led to the past year's success.

Although 1984 was a banner year for accessions, the Army did not have the same success in writing contracts for Army service. The delayed entry program (DEP) began 1984 with a strength in excess of 49,565; 33,396 scored in categories I-IIIA. At the end of 1984 the DEP strength was 39,348; 18,608 scored I-IIIA. The FY86 recruiting budget includes resources targeted specifically toward reversing this decline.

Forces in the market place make sustaining FY84's success more difficult. We have changed the way we approach recruiting based on an improving economy and shrinking youth population. Efforts are already underway to find the best way to expand the market. Resources programed for FY86 will exploit these efforts and continue to ensure that the Army enlists high quality men and women.

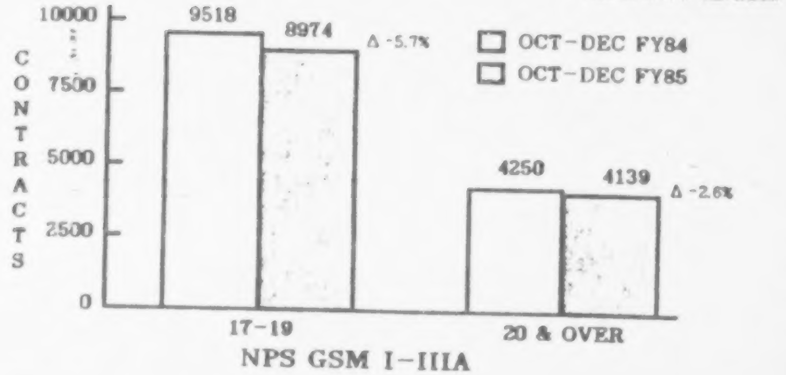
Specifically, the FY86 budget includes resources to better penetrate the 17-19 year old market and expand into the 20 and older market. As Chart 5 shows, about 30 percent of all quality non-prior service accessions are ages 20 and older. Prior to FY85 the 20 and older market was not specifically targeted, even though it produced significant numbers of quality recruits. Pilot FY85 programs are underway to determine the best method of targeting the over 20 market. The effort is already paying off. Chart 5 shows the drop in over 20 contracts between FY84 and 85 is less than half that of the 17-19 contracts. This market is expected to produce 1,200 additional high quality recruits in FY86.

CHART 5

THE MARKET

SHOULD TAKE A CLOSER LOOK AT REMAINING POOL

FOCUS ON NEEDS OF EACH SEGMENT



ABOUT 30% OF QUALITY ACCESSIONS ARE 20 AND OLDER

Important considerations in reversing the decline in contracts are: (1) improving the propensity of a young person to consider service in the Army; (2) increasing the support provided to recruiters; and (3) making more attractive offers to the market. FY86 advertising, recruiter support programs (such as the Hometown Recruiter Aide Program) and educational incentives are directed at solving this decline. The Hometown Recruiter Aide Program returns selected young outstanding soldiers to their hometown for a 45 day period to assist the local recruiters.

These program increases represent a reasoned application of resources which will allow the Army to continue to recruit and access high quality young men and women.

Retention

During FY84, after a sustained effort to reduce a long standing deficit, the Army achieved its aggregate NCO and Combat Arms NCO requirements (Chart 6). This success was achieved through the use of promotion and reenlistment programs, and the Force Alignment Plan. This Force Alignment Plan allows NCOs to move into shortage specialties, thus balancing the skill they are leaving and their new specialty. As a result of these initiatives, the critically imbalanced (greater than 120% or less than 80% of authorization) NCO grade and Military Occupational Specialty (MOS) posture, dropped 20% from 28,900 at the end of FY83 to 23,000 at the end of first quarter FY85. This progress is especially significant as the Army force structure changed considerably during this same period due to development of the Army of Excellence (AOE) structure.

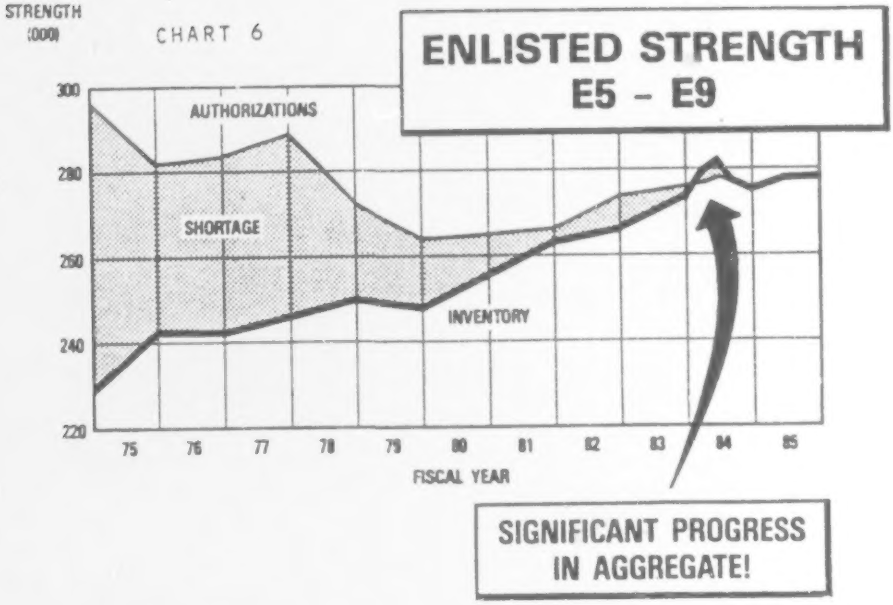


CHART 6

The Selective Reenlistment Bonus is key to maintaining balance. Even though significant progress in force alignment has been achieved, the process is not complete. Shortages still exist at the MOS level in selected combat arms, intelligence, chemical, and maintenance skills. An increased bonus program in FY86 will be required to sustain and improve force alignment within the confines of an improving economy and a higher quality population of reenlistment eligible soldiers.

REENLISTMENT OBJECTIVES FOR THE ACTIVE FORCE ARE AS FOLLOWS:

	Fiscal year—	
	1985	1986
First Term	27,800	30,400
Mid Term and Career	45,100	43,400
Total	72,900	73,800

Significant challenges remain in the retention of first term soldiers. Approximately 54% of first term soldiers are eligible for reenlistment. About half of these continue their military careers. Due to the tremendous improvement over the last four years in the quality of Army accessions, the quality of the initial term reenlistment population is changing. The challenge for FY85 and beyond is to ensure that a sufficient number of these high quality soldiers are retained to meet career force requirements. While total reenlistment goals are expected to be met, we remain concerned that continued improvement of the economy may induce highly qualified soldiers, especially those with civilian marketable skills, to leave the service. A fair and competitive level of compensation is necessary to maintain a quality Army. Congressional support of FY86 special and incentive compensation programs is essential now in light of the increasing loss of pay comparability. A 9.6% increase in pay will be required to achieve comparability at the beginning of FY86, if we receive a 3% raise on July 1, 1985.

Active Army female strength is currently at 10,200 officers and 66,700 enlisted. Total active female end strength is projected to reach 79,700 by FY86. When this occurs, women, for the first time, will make up over 10% of the Active Force. Women soldiers can enter 86% of enlisted Military Occupational Specialties and can be assigned to all branches with the exception of Infantry, Armor and the Special Operations Forces Career Management Field. However, some positions and units are also closed under the Direct Combat Probability Code System (DCPC). The purpose of the DCPC system is to identify those positions and units that would routinely engage in direct combat. Both units and positions that are closed are reviewed regularly to assure sensitivity to the changing missions, individual duties, and doctrine.

Officer programs

Total Active Component officer end strength will increase 1.1% from FY85 to FY86 and will make up 14.8% of the Active Component. Active Component officer end strength increases are a result of the organization of the 6th and 10th Light Infantry Divisions and the completion of the Force Modernization Plan. Commissioned officer end strength will peak in FY86 at 99,400 and will decline thereafter.

The Reserve Component commissioned officer end strength will also increase from end of FY85 to end of FY86. The Army Reserve will grow 5.7%, from a budgeted officer end strength of 41,684 to 44,045. The Army National Guard will grow 4.1% from 34,486 to 35,907. This growth parellels the growth in the Reserve Components mission and force structure.

The Army recently finished two major studies of officer management and development and is currently studying its Reserve Officer Training Corps (ROTC) and Warrant Officer Programs. The results of extensive surveys, interviews, meetings, and seminars have been positive and enlightening. We have confidence that our officer corps consists of the best Army leaders at any time in recent history. Our officers sense the importance of their role and have a high level of satisfaction in the job they are doing in the Army of Excellence. They feel a strong sense of national support and recognition.

The Army ROTC scholarship program is being used effectively to increase the number of highly qualified young men and women earning commissions. It has been targeted toward students in technical and scientific disciplines and has proven successful. Scholarships are also targeted for students attending historically black colleges through the Quality Enrichment Program, as well as through 120 scholarships awarded to those schools showing the largest numerical increase in Advanced Military Science enrollment. Scholarships are also available to enlisted soldiers in the Active and Reserve Components. Chart 7 provides the Army's discipline mix by goal and fiscal year (84-86).

CHART 7

		FY84	FY85	FY86
ROTC SCHOLARSHIP				
NUMBER		11,704	12,000	12,000
DISCIPLINE MIX	(GOAL)	(ACTUAL)	(ACTUAL)	(PROJECTION)
BUSINESS	20%	21%	23%	20%
ENGINEER	30%	21%	21%	25%
SCIENCE	25%	19%	20%	21%
SOC SCIENCE	10%	25%	22%	19%
NURSE	7%	5%	6%	5%
OTHER	8%	9%	8%	10%

High school and college students who apply for four, three and two year scholarships are evaluated on a whole person perspective; college board scores, class rank, athletic and extracurricular achievement, and leadership potential. Finalists are also given a Physical Aptitude Examination and a personal interview. Army ROTC Scholarships pay for tuition and fees, as well as books and supplies, in addition to a subsistence allowance of $100 monthly during the academic year.

Reserve component program

We recognize the increasing responsibilities and missions which the Reserve Component of the total Army will be assuming in our national defense. We are dedicated to ensuring that the Reserve Component is manned to accomplish its mission.

We have applied resources to the effort of attracting and retaining quality young men and women into the Reserve Component and will continue to target the Army Reserves (Chart 8) and Army National Guard (Chart 9) for recruiting and retention initiatives to enable them to meet their increasing strength goals.

CHART 8

USAR SELECTED RESERVE END STRENGTH

IMPROVE READINESS THRU INCREASED MANNING LEVELS

- INCREASE CS AND CSS FORCE STRUCTURE
- CONTINUE TRANSFER AC MISSIONS TO RC (INCREASE FULL TIME MANNING)
- EXPAND CAPSTONE PROGRAM
- CONTINUE MODERNIZATION OF USAR

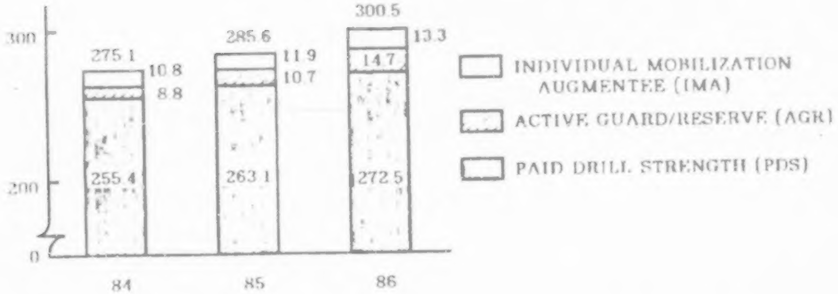
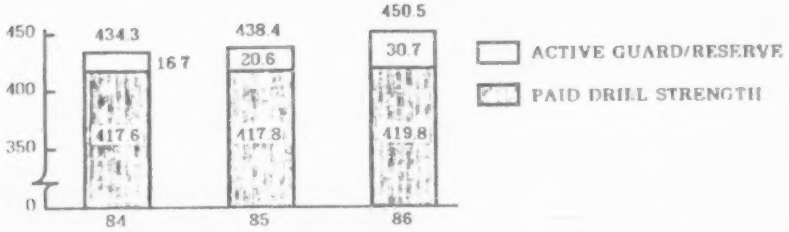


CHART 9

ARNG SELECTED RESERVE END STRENGTH

IMPROVE READINESS THRU INCREASED MANNING LEVELS

- ACTIVATE A TENTH ARNG DIVISION
- CONTINUE TRANSFER AC MISSIONS TO RC (INCREASE FULL TIME MANNING)
- EXPAND CAPSTONE PROGRAM
- CONTINUE MODERNIZATION OF ARNG



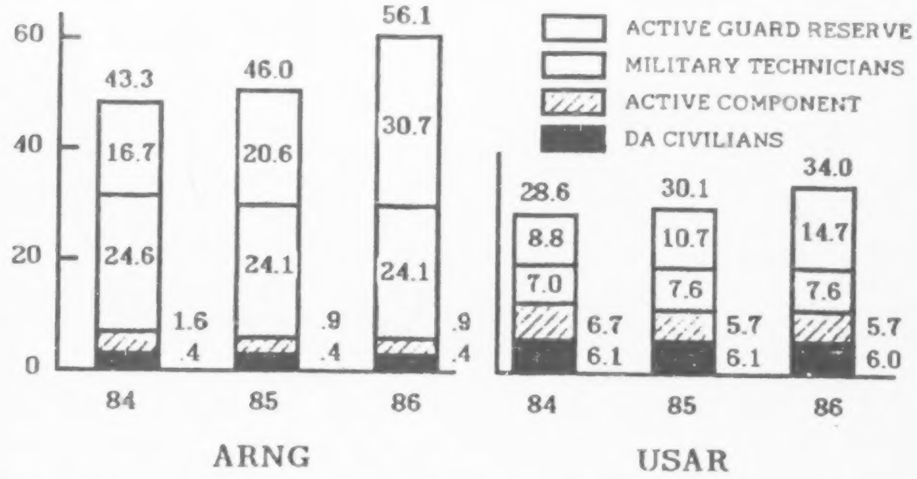
The Army Reserve exceeded its accessions mission in FY84 as it recruited 69,500 versus the 69,100 required. Of particular note was the high quality of the Army Reserve enlistments. The percentage of high school diploma graduates reached an all-time high 82 percent (of non-prior service accessions), a sizeable contract to the 45 percent experienced at the start of the decade. In terms of test categories, a record 50.4 percent of non-prior service accessions were in the highest test score categories (I-IIIA), and only 11.8 percent were in the lowest test score category (category IV).

The major strength problem for the Army Reserve continued to be enlisted attrition. FY84 enlisted losses were 64,200 (7,400 more than programed.) It amounted to 30.6 percent of the starting enlisted strength in FY84, a slight improvement over the 31.6 percent rate of FY83 but far above the FY81 and FY82 rates, 27.8 and 27.3 percent respectively. Initiatives to reduce enlisted attrition have been undertaken, and enlisted attrition is down to 29 percent in FY85 and is expected to be at 28 percent in FY86.

The quality Army National Guard (ARNG) enlisted force has steadily improved. In the last eight years, we have increased the number and percentage of high school diploma graduates (HSDG), while reducing the number and percentage of AFQT IV accessions. By FY84, 68.8% of non-prior service accessions were HSDG and only 6.9% were in AFQT IV. The ARNG personnel quality objective for FY85 and out-years is to improve accessions by establishing standards that will continue to increase the quality of the Reserve Components. to achieve this, an additional 601 authorizations have been added to the recruiting force and an additional 65 Active Guard/Reserve personnel will be added to help meet the retention goals.

As the Reserve Component continues to modernize and assume additional force structure, full-time support becomes critical to sustaining their readiness. Active Guard and Reserve (AGR) soldiers and military technicians are working in a full time capacity to accomplish the administration, training, maintenance, and planning necessary to improve the readiness of the Reserve Component. (Chart 10)

CHART 10 FULL TIME SUPPORT (000s)



A study group, organized by the Army Staff to consider the career management requirements of AGR personnel, made over 50 recommendations that are now being implemented. Regulations and policies covering selection, utilization, development, retention, and separation of AGR are being prepared in both Active and Reserve Components.

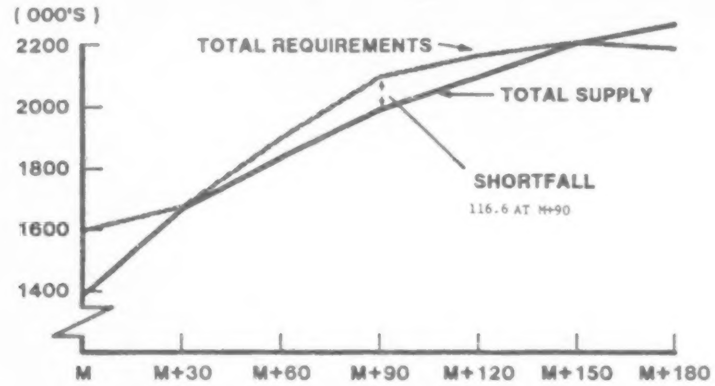
Military manpower mobilization

The trained military manpower shortfall during full mobilization is determined by comparing the time-phased supply and demand for the first 180 days of global conventional war. Demand is determined by structural requirements, soldiers in transit, holdees, student officers, and casualty replacement requirements. Supply is determined by Active Component trained strength, Reserve Component unit and IMA strength (assuming a 95% show rate), pretrained individual manpower strength, IRR, Standby Reserve, preassigned retirees, transients, holdees, students and trainee output.

Maximum shortfall occurs at M+90 (Chart 11), before post-mobilization trainees reach the field. Overcoming the shortfall by M+150 assumes a decrease in the tempo of the conflict after M+90 and that there is no expansion over the currently programed force. Should either of these prove inaccurate, requirements would not be met before M+180. The aggregate shortgall of 116,600 at M+90 masks an enlisted shortfall of 121,700. There are serious shortfalls in the combat arms and medical skill and surpluses in the logistics, services and supply, and "other" categories.

CHART 11

TRAINED MANPOWER REQUIREMENTS VERSUS SUPPLY
(END FY 86)



Pretrained individual manpower (PIM)

In order to meet the military manpower requirement generated by a mobilization, the Army maintains pretrained manpower pools.

The Individual Ready Reserve (IRR) is the largest of these pools. The FY84 strength of 276,700 is predicted to increase to 295,400 by FY86. Members of the IRR normally have served on active duty or in Selected Reserve units before transferring to the IRR. During peacetime, these personnel are assigned to Army Reserve Personnel Center. While available for mobilization, the IRR cannot be used for the pre-mobilization Presidential 100,000 callup. The Army is developing IRR unique training material to ensure that these soldiers will receive sufficient refresher training to maintain their military skills.

The Individual Mobilization Augmentation (IMA) program assigns individual members of the Selected Reserve to positions in Active Component units and agencies. These positions are required in mobilization, but not authorized to be filled today. IMA also serve outside of Army structure in DOD, OJCS and FEMA. The IMA program has 10,900 personnel assigned at the end of FY84 and is programed to reach 27,300 by end FY91. IMA perform their annual training in the positions where they would mobilize. This provides the members a sense of unit identity and provides a well-trained soldier who is familiar with unit procedures and missions. IMA, as members of the Selected Reserve, are available for call to active duty during both the pre-mobilization Presidential 100,000 callup and mobilization.

The Army's Retiree Recall Program was developed to reduce the shortfall of pretrained individual manpower that would occur upon mobilization. Program goals are: to provide mobilization manpower; release active component individuals for reassignment or deployment as select retirees become job proficient; and Continental United States (CONUS) base sustainment during the early days of mobilization.

The program was implemented in August 1981 with the first "hip pocket" mobilization orders issued in November 1981. Currently 132,000 retirees have been preassigned to CONUS installations. United States Army, Europe (USAREUR) has 2,300 preassigned retirees and Korea 185.

The Army plans to expand the recall program by increasing the numbers of positions suitable for fill by retirees. The program is currently being refined to make it more responsive to the needs of the Army and retirees upon mobilization. The Army retiree provides a low cost, dedicated manpower asset that will be one of our more reliable resources of manpower.

Civilian manpower

As a result of the FY85 Defense Authorization Act, civilian employment is no longer managed by end strength. Instead, a civilian employment estimate is used as a baseline in conjunction with an annual financial target for civilian employment management. The Department of the Army monitors actual employment levels against subordinate command's employment level plans. Deviations of more than 3% require justification in output or management efficiency. The goal is to provide discipline to the system without the rigidity of a ceiling end strength while allowing flexibility in personnel management.

FY86 employment figures will increase from 401,000 to 406,000 employees Army-wide. Increases in civilian strength are for increased civilian substitution for military positions (thereby freeing military personnel combat related functions), medical quality assurance programs, European ammunition management and training initiatives.

Realizing the importance of a highly skilled workforce, the Army will implement the Army Civilian Training, Education, and Development Systems (ACTEDS) to improve the training and leadership development of key civilian managers and executives. ACTEDS defines a structured, total career plan for the career program workforce which blends developmental work assignments and formal training so that minimum essential technical, professional, managerial, and leadership training and development is systematically accomplished. FY86 funding will be spent on: job analysis studies which define training and development requirements in six of 23 career programs; centrally managed seats in managerial training courses and long-term training programs; and the development and fielding of a new course, Introduction to Leadership, for interns (GS 5-9). The federal civilian workforce now has, for the first time through ACTEDS, a formalized career development and training system similar to that provided military members.

The civilian component of the total Army team is essential to mission accomplishment. Plans for military readiness must be matched with equally well-developed plans for civilian readiness. Mobilization planning is an essential element of the total civilian personnel program.

Managers and civilian personnel office (CPO) staffs develop and maintain emergency implementation documents. Civilian personnel initiatives in mobilization initiatives include: development of an ADP base for retired federal civilians, development of a handbook for emergency essential employees and identification and screening of employees who are ready reservists.

Manpower management

Manpower management within the Army has become a focus of attention for leadership at all levels. With a steady military Active Component end strength of 780,800 and increasing requirements for civilian manpower beyond resource limits, intense manpower management has become critical. Army managers have met these challenges in standards and requirements, programing and budgeting, allocation and documentation, and analysis and evaluation.

Traditional staffing guides and costly manpower surveys are being replaced where possible by the Manpower Staffing Standards System (MS^3) and the Manpower Requirements Criteria (MARC). These programs allow for the standardization of manpower requirement determination and is on the basis of functional activities. This will in turn validate the requirements base and allow reasoned and effective manpower and resource benefit decisions.

The Army is developing and fielding the Light Infantry Divisions and has taken action to free light division units from installation support. To support this initiative, the Army has conducted on-site reviews to evaluate and validate the base operating support manpower resources determined necessary to support the activation or conversions and training strategy of each of the light infantry divisions. Differences between the 6th ID, 10th Mountain Division, 25th ID, and 7th ID in base support operating services have created the need to structure hybrid base support organizations for each division. The net result of these efforts is increased training opportunities for division units.

Plans for standardizing organizational structures among like-type units are underway which will greatly facilitate manpower allocation and management. There are three aspects to this action: First, those units which can be converted to existing standard-organizational structures (primarily among the "fighting" arm of the Army), will be converted. Second, those units which do not fit any existing model but which can be standardized, will be. This will be accomplished through the horizontal standardization across major commands of activities performing similar functions, such as civilian personnel or budget functions. Finally, control measures are being developed to manage the remaining Army units; those one-of-a-kind organizations that do not meet criteria for conversion or standardization. Current controls such as Standards of Grade Authorizations and manpower surveys are being reinforced by more complete grade and skill guidance to the field in the Army's Program Budget Guidance (PBG at Grade and Skill). Standardization will reduce skill shortages and unit and family turbulence.

New manning system

In FY81, the Army began implementing a program designed to increase combat effectiveness by reducing personnel turbulence and fostering unit cohesion. This program, the New Manning System, is composed of two major subsystems; the COHORT (Cohesion, Operational, Readiness, and Training) Unit Movement System and the US Army Regimental System.

The New Manning System functions on a unit replacement versus an individual replacement basis. It fosters an environment of stability wherein increased commitment to mission and readiness, soldier bonding, improved training, and a greater sense of esprit de corps flourish. To date, 77 infantry, armor, and artillery combat units of company/battery size have been accessed, trained, and placed in the operating force throughout the US Army Forces Command (FORSCOM).

COHORT companies and batteries operate for a three year period. Some of these units are designated as rotating COHORT units and spend half of this period at an overseas location. All COHORT companies and batteries disestablish at the end of their three year life cycle. Eighteen of these units have been deployed to Europe, Korea, and Alaska.

Based on positive experience with COHORT companies and batteries and favorable feedback from field commanders, the Army is expanding the scope of the New Manning System to include COHORT battalion rotation. The Army has formed eight COHORT combat arms battalions (4 Infantry, 2 Artillery, 2 Armor) which will rotate between stateside installations and Europe during June-August 1986. Stateside installations participating in the rotation of these battalions include Forts Bragg, Hood, and Riley. The eight rotating battalions will spend three years in Europe, or in CONUS, then rotate back to their original stateside/OCONUS locations in June-August 1989. The life cycle of these units will be a continuous six year cycle. As in the case of rotating COHORT companies and batteries, rotating COHORT battalions will deploy to their new duty locations within the framework of a regimental system which offers soldiers and their families a greater measure of stability, a sense of belonging to a unit, closer ties with other military families in the same unit, and a greater degree of certainty as to what their futures in the Army will look like. To support these initiatives, the Army has changed existing policies and procedures to provide an environment which is supportive of the Quality of Life needs of these soldiers and their families.

Additionally, the Army is activating/converting the 6th, 7th, 10th, and 25th Infantry Divisions (Light) through the use of COHORT battalions. In FY85, the Army will have a total of 13 COHORT battalions, to include the 8 rotating units. In FY86, the number of COHORT battalions will increase to 21. Future plans envision the rotation of combat arms battalions between stateside installations and Alaska, Panama, Hawaii, and Korea.

Soldier-oriented research and development

Soldier oriented research and development provides the data to develop viable personnel programs and policies. It affords the Army pertinent information to target our recruiting efforts on the population segment of highest enlistment potential and distribute recruiting resources for optimum effectiveness. Research and development results in new tools such as the Joint Optical Information Network (JOIN) system which has been of tremendous benefit to both the recruiter and the recruit in conveying initial information about the Army. Important research underway will, for the first time, link our soldier selection measures directly to performance on the job. This work alone will have a cost avoidance benefit of several million dollars by targeting the new recruit in the right job upon entry in the Army. Our research also provides data to develop reenlistment criteria to target bonuses on selective MOS to retain quality soldiers in both Active and Reserve Components.

In consonance with Army themes, research is attending to the role of the family in readiness and as a factor in soldier retention and effectiveness. In the area of leadership, research continues to provide us new and better tools for developing leadership qualities and for assessing leadership effectiveness.

The improvement of soldier performance is a major research objective. We achieve this by building more effective training, determining how frequently to refresh various skills, through more effective assessment of performance and by developing job and training aids for the soldier.

The Army is targeting research on new equipment development. The goal is to field equipment which achieves its full potential in the hands of the soldier on the battlefield. Compatibility of soldier-machine interface throughout the design and development process is essential to determining the optimum quality, skill level and number of personnel required to operate and maintain new equipment and systems.

Quality of life

Commanders at all levels of the Army will increase their emphasis on improving the quality of life for soldiers and their families. The programs implemented as part of the Army Family Action Plan in 1984 will not be terminated or forgotten. With the support of commanders and family members, we have isolated those key issues which need continued emphasis and developed new initiatives to help retain the families of our quality force, thereby increasing the combat effectiveness of our total Army.

Initial Army efforts have been targeted on quick action to complete the low cost-high payoff issues. The following examples illustrate some of the efforts that have been undertaken by the Army during this past year.

A significantly revised sponsorship regulation is being published. The objective is to ease the stress associated with relocation and provide soldiers and families with critical information, advice and support to help get settled quickly and begin to feel at home in a new environment.

A recent change in our family housing policy allows spouses of Army personnel to sign the required documents to obtain on post housing without a power of attorney from the service member. This change makes the relocation process a little easier.

Another housing policy change allows family members to participate in the panels that design the interior of family quarters, soliciting ideas and recommendations from the people who live and utilize these facilities.

A third policy change makes all junior enlisted soldiers in pay grade E4 and below, who are otherwise qualified, equally eligible for family housing.

Reducing the family housing furniture deficit in USAREUR is a critical element of total family support against which we are applying additional resources. Currently, there is a $122 million dollar deficit. The deficit will be reduced by $14 million FY85, $20 million FY86. The remainder of the deficit will be eliminated by FY90.

An Army-wide training and orientation effort has been undertaken regarding the Army's commitment to its families. This consists of family awareness training for the chain of command through lesson plans and a program of instruction in leadership and professional development courses at all Army service schools. The instruction is designed to teach Army leaders about their responsibilities to families, and to make them fully knowledgeable about family needs, conditions, and requirements.

A second part of the family orientation effort is focused on the family members. Two videotapes have been made for world-wide distributing. The first has, as its primary audience, spouses of basis entry level soldiers arriving at the service member's first permanent duty station. The tape documents the basic aspects of Army lifestyle, history, culture, benefits, services, facilities, and opportunities. The tape provides information and answers questions at the earliest possible time in order to avoid unnecessary hardships due to lack of information. The film will improve the Army's effort to get information to the hard to reach spouse, and help ensure a smoother adjustment of the family into the Army community. New family members are shown the film when the apply for their first identification card.

The second tape is designed for the seasoned soldier, the civilian employee and family member upon arrival at any installation. It is tailored to the viewer's existing knowledge of the Army system and will be used in conjunction with the installation's newcomer orientation briefing. In addition, for each person viewing it, a book-let is being developed in four languages (English, Spanish, German, and Korean) which supplements the film with detailed explanations and additional information. The idea is to provide standardized information for soldiers and family members.

A family fitness program has led to the establishment of health and fitness advisory teams and fitness facilitators at each medical center and medical treatment facility. In addition, a directory of Health and Fitness Education Resources, a planning guide for health fairs, and a Family Fitness Handbook have been published and distributed. This concept focuses on "total family wellness". It includes advice on nutrition, exercise, balanced diets and recipes which support maintenance of the total fitness spectrum.

Recent policy changes made in our employment programs are making it easier for Army employed family members to get a job when their sponsor moves to a new duty station. These changes provide family members, of military and civilian employees serving in civil service positions overseas, non-competitive appointment to civil service positions upon their return to the United States. Another effort involves the priority placement family member referral program which is being tested within the continental United States. In the area of non-appropriated fund employment, a new policy permits Army family members, currently employed by such activities, to obtain employment through non-competitive reinstatement in a non-appropriated activity at their new duty assignment within six months of separation from their old assignment. This policy applies to all non-appropriated fund employees, but it benefits Army family members who are most subject to frequent relocation. Revised guidance has been issued to increase the emphasis on job sharing, part-time employment, and youth summer hire programs.

Family member employment, especially overseas, is being addressed through One-Stop Employment Information Centers jointly developed by civilian personnel and Army community service offices. They provide comprehensive employment assistance at one central location. Highlighted will be training for family members on how to identify and market their employable skills gained from volunteer and home management activities.

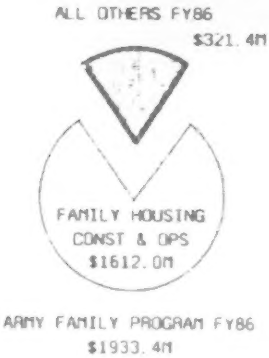
Other internal Army efforts include formation of volunteer family support groups at small unit level, improving the training, use and referral of volunteers, creation of adjustment programs for bi-cultural families, provision of a comprehensive strategy for prevention, education and counseling for drug and alcohol abuse, improvements in the family housing self-help program, revision of on-post quarters termination procedures, the addition of first-termer family policy issues to the Family Action Plan, use of marketing and information campaigns to inform soldiers and family members of benefits and ongoing actions that support community and family programs, initiation of studies and surveys of family safety measures, and conduct of a comprehensive study of the youth activities program.

Great strides have also been made in bringing about necessary changes in community life management. In November, 1984, the Army opened the US Army Community and Family Support Center (USACFSC). Its establishment reinforces the Army's commitment to family and community initiatives and institutionalizes the improvements made in those activities. This new center is a field operating agency of the Deputy Chief of Staff for Personnel. It brings together community and family functions previously performed by The Adjutant General, Civilian Personnel Center, Military Personnel Center, and Office of the Deputy Chief of Staff for Personnel. Its functions include family support, installation support, leisure sales and service, lodging and hospitality operations, Army recreation machines, nonappropriated fund personnel management and community facilities construction. The Army family initiatives embodied in the continuously updated Family Action Plans seek to provide quality services and programs to meet the needs of Army families and community activities.

We are determined to do everything we can within available resources to improve the quality of life for our soldiers and families. A lot is being done with existing resources, but the Army cannot do it all without help of Congress. To sustain this effort, and to continue the progress being made, our FY86 budget addresses issues that have a high payoff but require additional funding. Chart 12 depicts the resources required to support the Army family program.

CHART 12

THE ARMY FAMILY PROGRAM



$ MILLIONS	FY85	FY86
CHILD CARE CENTER CONSTRUCTION	9.9	41.2
COMMUNITY SUPPORT SERVICES	15.3	24.3
DEPENDENT YOUTH ACTIVITIES	12.4	15.6
CHILD DEVELOPMENT	13.1	27.7
EXCEPTIONAL FAMILY MEMBER PROGRAM	9.3	15.2
EMERGENCY LEAVE	9.3	9.7
FINANCIAL PLANNING ASSISTANCE	0.0	3.4
QUARTERS BASED CHILD CARE	0.0	6.2
STUDENT TRAVEL	2.0*	1.7
FAMILY MEMBER EMPLOYMENT	0.0	0.7
SAFETY TRAINING PROGRAMS	0.0	0.5
FAMILY RESEARCH	0.0	6.8
OVERSEAS SCHOOL LUNCH PROGRAM	0.0	6.0
NEW FAMILY PROGRAM INITIATIVES (i.e., INCREASE HHG, PCS INITIATIVES)	0.0	162.4

*$1.9M FUNDED BY MACOMs

These resources are part of the total quality of life program within the Army. They are designed to reduce stress on military families, improve those programs that support our families and begin to close the gap that exists between the benefits and services available in the society that we are pledged to defend and the limited benefits and services that our soldiers and families currently have available to them.

Funds to accelerate long required upgrade and construction of child care centers are included within the FY86 budget request. Child care is a readiness issue. Army active duty members have a total of more than 700,000 children. Fifty percent of them are under age five. Providing adequate child care facilities is one of our prime concerns. In 1985, Congress approved five child care projects. In 1986, 19 projects have been requested. Child Development Services (CDS) actively monitors upgrade of existing child care facilities and new construction projects to meet standards and community needs for service. Additionally, as a result of a third quarter FY84 study, a CDS personnel action plan was devised to address issues raised and to accomplish CDS personnel initiatives to include career development opportunity. Additional resources ($15.2 million) have been targeted for the Army's Exceptional Family Member Program. Efforts to identify, diagnose, refer, and treat handicapped family members have been increased and the requested resource will support this program.

New programs address family initiatives in support of Army Community Services (ACS), a program which is the primary resource for family support on Army installations. Major ACS programs are: information referral and follow up services, relocation services, family advocacy, exceptional family member services, consumer affairs and financial services and foster care services. ACS has never been adequately funded to perform the missions and provide the services that Army families deserve.

A financial assistance and consumer education program funded at $3.4 million will offer education and debt liquidation counseling to soldiers and their families. Home based child care programs, $6.2 million will provide for the supervision of 9,660 trained, certified and supervised child care providers as a supplement to center-based child care and to provide for extended hours. Family member employment referral programs funded at $700 thousand will provide 19 one-stop employment information centers to assist family members with continued employment in their highly mobile lifestyle. Finally, $3.8 million of $15.2 million for the exceptional family member program provides for a family services coordinator at ACS centers to offer counseling and supportive services to handicapped family members, information and referral, follow-up, and foster care. It also provides for collection of information regarding world-wide medical and educational resources for use in the automated assignment process of service members. Other family programs include funded student travel ($1.7 million), family safety programs ($500 thousand), research aimed at family retention, and evaluation of the Family Action Plan and quality of life factors with regard to their impacts on readiness and retention ($6.8 million). Pamphlets and training materials are being developed to inform commanders, soldiers and family members about these programs.

New initiatives for which we hope to see congressional support in FY86 include increases in household goods weight allowances, family travel and household goods entitlements on a soldier's first PCS, leave travel for dependents in connection with consecutive overseas tours, dependent student travel (point-to-point), and increases in dislocation allowance for junior enlisted members' dependents in CONUS, and family separation pay, entitlements to burial travel expenses to burial site for spouse and dependent children, and reimbursement for volunteer expenses.

The Army remains committed to the goal of building a strong Army-family partnership and to assuring adequate support to Army families. Facilities, services and programs for families are not considered frills. There is a strong correlation between the soldier's commitment and Army readiness. That commitment may fluctuate depending on how the soldier feels his family is doing. This can have a large effect on our readiness. We have to take care of our families if we intend to have a strong and ready force. There is a great deal more to be accomplished. Congressional support for these programs will send a much needed positive signal to our soldiers and families about the value placed on their contribution to our national security.

At the onset of this year of "Leadership", it is necessary to assure the members of the Army family that we have not abandoned the efforts begun during the year of "The Army Family". The depth of this commitment has been symbolized by the creation of the Community and Family Support Center. Our efforts will continue to attend to the programs necessary to foster the interdependence between the family and the Army. Leadership will provide us the direction on turn the challenges into opportunities.

CONCLUSION

The high level of personnel readiness of the total Army is due, in large part, to the solid support from Congress. Your continued support will sustain our personnel readiness and promote an adequate quality of life for soldiers and families . . . the same quality of life as the society they so proudly defend.

Our current program maintains the active component end strength at a constant level due to high quality soldiers to man the new high-tech, modern equipment. The ARNG and USAR end strength, however, increase significantly. This combined strength surpasses active force end strength by 1987. This trend increases the demand on our citizen soldiers, their families and their employees.

The benefits of our research in manpower, personnel, training and human factors are highlighted throughout this statement. The data obtained from soldier-oriented research allows us to better understand our business. The resources targeted for research are essential to develop data for cost-benefit analysis on personnel programs.

As we continue to experience pressures to maintain our recent success in recruiting and retention, I urge Congress to favorably consider our increases in the incentive packages. Regardless of final budetary decisions, the Army will work both harder and smarter, leaving no stone unturned, to maintain the positive glide path on quality personnel in our Army of Excellence.

Through our new manning system initiatives, we are assigning our quality, young soldiers in groups from basic training to unit assignments, capitalizing on the positive features of cohesion in our assignment policies.

The impact of the Army's effort in support of previous themes is clearly evident. The winning spirit, high level of physical fitness, and standard of excellence in job performance and personal conduct shown by our soldier are the best measurement of our efforts. Our rededicated commitment to Army families has already yielded positive results. As we work together in support of the year in leadership, we require the continued strong support from Congress that has proven to be so effective in the past.

Throughout 1985, the personnel community will use the Army's them of "leadership" to improve our programs. Our goal is to foster the highest level of ethics, military excellence, and personal conduct. Through quality personnel, committed to standards of excellence, our Army is ready today, preparing for tomorrow.

Senator **Wilson**. Thank you very much, General Elton.

We will next hear from Vice Adm. William P. Lawrence, the Deputy Chief of Naval Operations for Manpower, Personnel and Training of the U.S. Navy.

Admiral Lawrence?

STATEMENT OF VICE ADM. WILLIAM P. LAWRENCE, DEPUTY CHIEF OF NAVAL OPERATIONS FOR MANPOWER, PERSONNEL AND TRAINING, U.S. NAVY

Admiral LAWRENCE. Mr. Chairman, I appreciate the opportunity to appear today with my sister service personnel chief and colleagues to testify in support of the total Navy manpower program.

This year marks the midpoint of our growth toward a 600-ship, 15-carrier battlegroup Navy. This effort began in 1981 and will become reality by the end of the decade. My full statement, which I ask to be included in the record, provides a comprehensive overview of our progress in the manpower, personnel, and training aspects of this growth. It outlines what we believe are the necessary adjustments which must be made to remain on course and speed to achieve our objectives.

As we review our position today, we find that the new ships and equipment are essentially in being or under construction. We are, therefore, committed to continue growing the high quality force to operate and support the new ships. Our progress over the past 4 years has been good. Retention has increased. Our recruiting efforts have been successful. And we have achieved significant improvements in readiness as a result.

Your strong support and the positive attitude toward military service by the American people have been largely responsible for these successes.

At the same time, we recognize the budget dilemma you face. As tempting as it may be to seek relief by making reductions to personnel accounts, I urge you to consider that such reductions do not represent a cost-effective solution. We are beginning to see a decline in the good recruiting and retention of the past 2 years. If we allow this to continue, we will inevitably find ourselves in a downward spiral which could quickly return us to the problems we faced in the late 1970's.

Judging by our experience in the past, reestablishing the momentum that we have worked so hard together to create over the last 4 years will be far more costly than the price we must pay now to sustain our sound personnel posture.

Regarding the budget request, I would like to specifically highlight five areas that we consider particularly important to our continued progress. They are the need for continued end-strength growth to adequately man and support our additional ships and aircraft; support for the recruiting resources we need to compete in what has become an increasingly difficult environment; reimbursement of our personnel for their out-of-pocket expenses incurred in permanent change of station moves; enhanced bonuses to correct critical nuclear officer manning problems; and support for legislative changes designated to stem a disturbing increase in aviator resignations in our carrier-based aviation units.

Again, I appreciate the commitee's support for our efforts to date, and know you will give careful consideration to our request for the future. I will be prepared to answer any questions that you may have.

Thank you, sir.

[The prepared statement of Admiral Lawrence follows:]

Prepared Statement of Vice Adm. William P. Lawrence, U.S. Navy, Deputy Chief of Naval Operations for Manpower, Personnel, and Training

I. INTRODUCTION

Mr. Chairman and Members of the Subcommittee: I am Vice Admiral Bill Lawrence, Deputy Chief of Naval Operations for Manpower, Personnel and Training, and the Chief of Naval Personnel. This is the second year I have had the opportunity to testify in support of the Total Navy Manpower Program and I am looking forward to continuing the dialogue we established last year.

Before I discuss the specific aspects of our manpower personnel and training request, I would like to make some overall observations.

The Chief of Naval Operations made two principal points in recent budget testimony which I wish to reinforce here.

First, that we live in an era of violent peace, characterized by a continuum of potential conflicts and violence.

Second, that the Navy routinely operates in the first lines of this violent peace in our everyday, forward-deployed role world-wide, and provides a demonstrated deterrent value across the entire spectrum of potential conflicts.

It was the recognition of these world conditions and Navy's unique role in support of our National Security Policy that caused this Nation to commit to building a 600 ship, 15 carrier battle group Navy that could execute our Military Strategy of Allied Maritime Superiority.

This force expansion effort began in 1981 and should reach its objective in 1989. Since we are now at the mid-point, it seems appropriate at this time to step back and examine our progress from the longer term perspective. How far have we come? How far do we have to go? Are we on course? Are we ahead or behind track?

In terms of hardware, the 600 ship Navy is a reality. By the end of FY-85 we will have 542 ships in the fleet and another 78 under construction or on contract. We will attain the 600 ship Navy in FY-89. Active, reserve and civilian manning levels must keep pace with the hardware that has now bought and paid for. How well we are doing in this regard will be the focus of my review.

In 1981, in order to plan for the support of a Navy whose forces would increase from about 480 ships to 600, we knew we would have to accomplish the following:

Increase our authorized military end strength by about 100,000.

Recover from the devastating shortages of experienced petty officers which had reached crisis levels by 1980.

Enlist approximately 100K high quality recruits per year who would become our petty officers of the future.

Achieve marked improvements in both officer and enlisted retention, particularly those whose skills were also in great demand in the private sector.

Increase the efficiency of our manpower syetem by reducing or eliminating those factors, such as attrition, desertion, substance abuse and skill imbalances which ultimately degrade our combat readiness.

Improve Total Force Management.

Improve personnel and training policies, practices and capabilities to optimize allocation of scarce resources.

Demonstrate commitment to improving the living standards and the quality of life for our military personnel and their families.

I will now outline our progress to date in meeting these objectives, briefly discussing where we have been successful and where we have not. This mid-course review will provide a useful back drop for the discussion of the particulars of the FY-86 Budget request that will follow. I will close my statement with a short listing of specific legislative initiatives for which we shall look to the 99th Congress for assistance and support.

II. 1981–1989 MID-COURSE REVIEW

100K End Strength Increase

The crux of our plan to increase overall Navy military manpower levels was to achieve modest increases each year to both man our new ships and squadrons as they came on-line, and simultaneously increase our base of experienced petty officers in order to man and support a substantially larger Navy by the end of the decade. In 1981, our long term program anticipated that by FY-85 we would have an active military end strength of 608,425. When you note our end strength for FY-85, it is obvious that we have not obtained Congressional approval for this entire growth. Figure 1 summarizes congressional action on our last three end strength requests.

FIGURE 1.—ACTIVE MILITARY END-STRENGTH

	President's budget	Authorized	Difference
Fiscal year:			
1983	569,200	560,300	-8,900
1984	572,200	564,800	-7,400
1985	575,300	571,300	-4,000

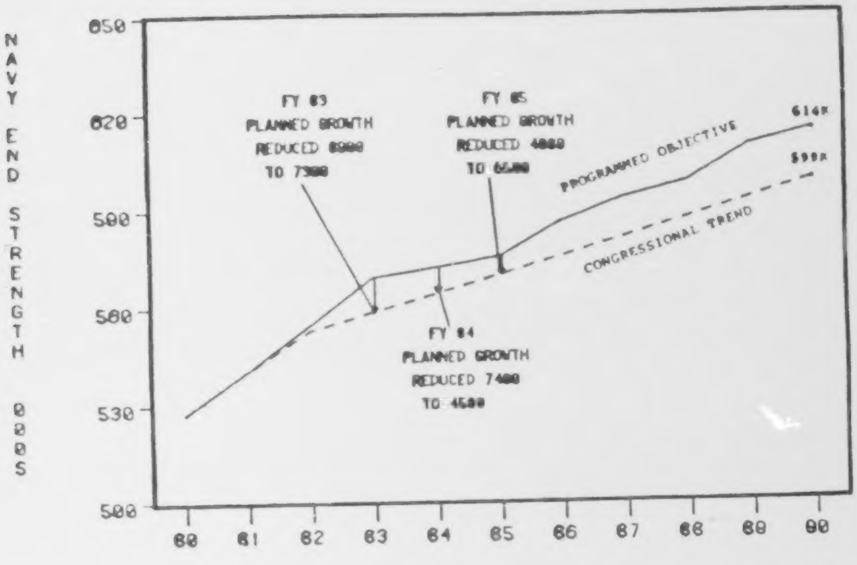
This reduced growth is causing problems that are becoming increasingly acute. I would like to briefly discuss them.

History clearly shows the devastating impact of inadequate manning on the readiness of our ships and squadrons. Consequently, we have absorbed strength cuts by restricting our shore and support growth to nearly zero. Although we concentrated our constrained personnel assests in fleet units to achieve the highest possible fleet readiness during this period, we cannot continue to degrade the maintenance, training, medical and logistics support that operating units require to accomplish their missions. Stated simply, we have reached the point where fleet readiness will be hurt more by not maintaining adequate shore support. This factor assumes greater significance when one considers that our newer ships were specifically designed to be less manpower intensive by assigning a larger portion of routine repair and maintenance to intermediate and depot repair activities ashore. As we restrict support manning, we are putting the material readiness of these ships at risk.

Because of the Navy's vital role in support of National Security, we are committed to properly manning and supporting a 600 ship Navy by 1989; however, we cannot do so if our strength requests continue to be reduced. Figure 2 shows the projected trend ~~should the~~ Congress continue to restrict growth. As can be seen, the Navy will be significantly below the total programmed objective in FY-89, creating a critical inventory shortfall and denying us the base from which to grow petty officers. Again, we have reached the point where we must now start to protect our shore growth; future cuts will have to be balanced between fleet and fleet support. Inadequate manning, whether shore or fleet, reduces readiness and increases material casualties and accidents. There is no alternative to adequate manning with an experienced force.

Figure 2

NAVY END STRENGTH



FISCAL YEAR

FY-86 President's Budget Strength Profile
(E/S in 000s)

FY-85	FY-86	FY-87	FY-88	FY-89	FY-90
571.3	586.3	593.4	598.1	609.3	614.1

Navy Ship Battle Forces

FY-85	FY-86	FY-87	FY-88	FY-89	FY-90
542	555	565	586	605	605

Navy end strength is increased through a combination of recruiting and retention. Strength cuts necessitate a reduction in one or both sources. Because of the need to overcome the petty officer shortage of the past, to provide the experience levels to support additional ships and squadrons, and to protect our investment in previously trained personnel, we have opted to maximize retention opportunities. Strength cuts, therefore, have resulted in a reduced number of new accessions, which means we have fewer first term personnel. These are our petty officers of the future. Continuing on this course will return us to the petty officer imbalance of the past. Navy needs a balanced growth both in new accessions and retention of our experienced personnel.

If I had to label one issue as the most important for this year, it would be necessity to regain our position on the manpower growth curve.

Recruiting

The recruiting challenge facing us in 1981 was to capitalize on the more competitive military pay levels and the increasingly favorable perception of military service to attract the number and quality of new recruits we required for a growing and increasingly complex Navy. Numerically, this meant accessing about 100K high quality enlisted recruits per year over the long term.

We recognized that a less than robust economy would work in our favor for the short term, but that a declining youth population throughout the 80's was going to make recruiting increasingly difficult as the decade progressed. Our experience of the past few years has confirmed those projections. On balance, we have seen successful, as figure 3 illustrates.

FIGURE 3.—ONE-NAVY ENLISTED RECRUITING

	Fiscal year—									
	1975	1976	1977	1978	1979	1980 [2]	1981	1982	1983	1984
Quantitative Results [1]										
Goal	112,130	103,325	116,314	94,735	93,390	99,299	106,238	94,793	84,798	82,907
Attained	113,027	103,587	111,557	89,009	88,345	99,351	106,322	94,793	84,798	82,907
Percent attained	100.8	100.3	95.9	94.0	94.6	100.1	100.1	100.0	100.0	100.0
Qualitative Results [3]										
MSG [4]	74.8	84.1	79.6	83.3	84.0	83.6	87.3	89.9	96.0	96.5
MSDG (percent)	70.4	76.5	72.6	77.1	77.4	74.8	75.7	75.8	91.1	93.0
MGI-IIIU [5] (percent)	68.0	74.6	72.2	74.6	71.9	75.6	64.5	65.8	70.1	69.7

[1] Includes all prior service and nonprior service active duty male and female accessions.

[2] Revised recruiting policy implemented. Non prior service male accession to be 74% Mental Group I, II and IIIU vice 76% HSDG.

[3] Qualitative results are percents of nonprior service active duty accessions.

[4] High school graduates (HSG) include diploma graduates (HSDG) and those personnel who validate a high school education as a result of testing or have completed an accredited home study course.

[5] FY-81 and later figures reflect renormed ASVAB data.

We closed FY-84 with continued recruiting success. Fifty-eight consecutive months of goal attainment with highly qualified recruits have ensured a bright prospect for the junior enlisted component of fleet manning for the immediate future. Of the seventy thousand non-prior service males who joined the Navy in FY-84, over ninety-two percent were high school diploma graduates and nearly seventy percent were classified in the upper mental groups on the Armed Service Vocational Aptitude Battery.

I would like to point out, however, that over 49 percent of these accessions had been in our Delayed Entry Program (DEP) and were actually recruited in FY-83 when the economy was more favorable toward our efforts. Contracts actually written during FY-84 are of lesser quality (65 vice 73 percent upper mental group) than those in the DEP at the beginning of the year. There are unmistakable signs that the predictions of a tough FY-85, made in last year's report, were accurate. FY-86 will be even tougher. The sustained economic recovery, coupled with the downward curve in the available market, will probably result in the next year's report showing sufficient numbers, but of lesser quality than the high water mark of FY-84. I cannot over-emphasize the importance of the quality dimension. Those of you who have visited our ships and aircraft squadrons recognize their technical complexity. We need highly capable technicians to maintain and operate state-of-the-art platforms and systems. To match the Soviet Navy's sizeable numerical advantage, we must have a qualitative edge. Such qualitative superiority demands highly capable personnel.

We recruited a high number of these qualified personnel in FY-83 and FY-84. The high retention rates and concomitant reduction of quantitative recruiting goals allowed a strong focus on increased accession quality. Although this was an attractive position to be in after years of unsatisfactory retention, suppressing our recruiting effort risks establishing an inadequate manpower base from which to grow our petty officers of the future.

Personnel readiness

In 1981 readiness degradation attributable to personnel shortfalls was our most serious problem. Central to the problem was a decline in the experience level of our mid-grad petty officers since the mid-70's time frame. For example, we had about 23,000 fewer petty officers with over 10 years of service in 1981 than we had in 1974. Coupling this lack of experience with acute shortages in electronic, propulsion and nuclear-trained ratings presented an intolerable situation. We took such actions as sea tour extensions, shore tour reductions and beefing up deploying ships with personnel assets from ships in between deployments to improve our manning in the short term.

Although these actions were successful, we knew that a long-term solution hinged on our ability to increase our experience levels through marked retention improvements. With your help, we have increased the personnel experience and manning levels of our ships and squadrons, which in turn, have produced readiness improvements. Over the past four years, our career enlisted force experience level has risen over 27 percent. The data below displays readiness and manning level improvements.

FIGURE 4.—SHIP/SQUADRON PERSONNEL READINESS

[Percent ships/squadrons not ready/marginally not ready due personnel]

	1980	1984
Ships	52.5	6.4
Squadrons	70.6	32.3

FIGURE 5.—SEA MANNING

[Percent manning/authorizations to requirements]

	1980	1984
Ships	83	92
Squadrons	86	93

The preceding data demonstrates our success in recovering from substantial personnel deficits during a period when the number of ships and squadrons was steadily increasing.

As our experience levels and petty officer inventories increased, we were able to focus more management attention on balancing inventories. Specifically, this meant insuring that we were not recovering from our deficits in the aggregate, but creating over-manning in some skill areas while shortfalls in other skills continued. By careful monitoring of our advancement, skill entry, and reenlistment policies we have corrected imbalances to the point where at the end of FY-84 we had 6 overmanned and 29 under-manned ratings out of a total of 101. Our remaining challenge is to increase our inventories in the under-manned ratings.

Nuclear officer shortage

For the past decade, our most serious officer readiness problem has been maintaining an adequate inventory of nuclear trained officers. These shortages have resulted from many years of falling short in accessing sufficient candidates to undergo nuclear training, our inability to retain enough junior and mid-grade officers, and difficulty in competing with industry for our more experienced officers.

As we have outlined in previous years, inadequate inventories mean that our nuclear trained officers spend most of their careers at sea. Currently, by the time they have served 20 years, 14 years have been spent at sea. This inordinate amount of sea duty and family separation makes it difficult to retain them for a full career, which further exacerbates the inventory problem. While the 1981 increases in nuclear bonus levels, submarine pay and sea pay have led to improved junior officer retention, our earlier problems at the junior and mid-grade level have migrated to the more senior pay-grades. We currently face serious shortages of these experienced (LCDR through CAPT) officers. These officers are required as afloat Department Heads, Executive Officers, and Commanding Officers; and for key shore billets involving nuclear propulsion plant safety and direct support of fleet readiness. Because of the unique qualifications required to fill these billets, we have no flexibility in terms of assigning officers from other communities to these positions. With an 18 percent shortage at the end of FY-84, sea billets are kept filled by extending sea tour lengths and assigning most officers back-to-back sea tours. Because of these undesirable actions, some critical shore billets go unmanned. From a readiness perspective, this shortage means that we simply do not have the personnel assets to adequately man our senior nuclear officer billets afloat and ashore. Unless we correct this problem, readiness will suffer.

Within this overall shortage of nuclear trained officers, we have a particularly acute shortage of experienced post-command submarine officers. This shortage is projected to grow from 4 percent in FY-84 to 22 percent in FY-90. These officers are essential for manning major sea command billets (Trident Submarines, Submarine Tenders, and Submarine Squadrons). Additionally, their expertise is indispensable in key shore billets involving submarine force operations and safety, strategic planning, tactical development, and program management. The changes to Nuclear Officer Incentive Pay and Submarine Pay in the Military Pay and Allowances Benefits Act of 1980 proved the effectiveness of these pays to reduce inventory shortages. Since 1980 their incentive value has eroded and their structure is no longer adequate to address the growing experienced officer shortage. We have submitted urgently needed legislative proposals, which I will discuss in more detail later in this statement, to modify Nuclear Officer Incentive Pay and Submarine Duty Incentive Pay as a more effective means of addressing these inventory problems.

Retention improvement

Our greatest success story over the past four years has been our dramatic improvement in retaining petty officers. Improvements in officer retention, although not as impressive as the enlisted statistics, have also been most heartening. As I discussed earlier, the combat readiness of our ships and squadrons had fallen drastically due to personnel deficits. Improving retention was the long term solution.

Enlisted retention

Our primary vehicle for simultaneously recovering from the legacy of petty officer deficits while growing our inventories to support a larger Navy is improved enlisted retention. Our goals and accomplishments are displayed in figure 6.

FIGURE 6.—ENLISTED RETENTION

[By fiscal year, in percent]

	1981		1982		1983		1984		1985
	Goal	Attrition	Goal	Attrition	Goal	Attrition	Goal	Attrition	Goal
First term	44	42	47	50	49	56	50	58	58
Second term	52	57	67	63	63	65	65	64	66
Third and beyond	94	94	98	95	96	97	95	95	95

There are several obvious reasons for our retention progress: A more competitive compensation package, particularly the effectiveness of our reenlistment bonus program; an increasing appreciation throughout our society for the indispensable contribution of our military men and women; the renewal of pride and professionalism throughout the Navy, and an improved quality of life for our service members and their families.

There is also a more subtle, but equally important reason for our success. In 1980 we were caught in a downward retention spiral. Inadequate pay had, over time, produced cumulative recruiting and retention shortfalls, which in turn led to unavoidable ship and squadron manning problems. To compensate, we had to increase sea tours and supervisory workload, which further aggravated the retention problem. It is not suprising that large numbers of our people opted for higher paying and less demanding opportunities in the civilian sector. For the past few years we have benefited from the reverse of this spiraling effect. As our inventories increased, we stabilized sea/shore rotation and were able to provide a more reasonable working environment in our ships and squadrons.

The point we would make about this cyclical nature of retention is that we must be extremely sensitive to any change in the trend we have experienced for the past few years. From recent experience we know that it is extremely difficult and expensive to stem a downward spiral, and to recover from the most damaging effect of all—decreased combat readiness.

Officer retention

Achieving improved officer retention presented many of the same challenges we faced with the enlisted force. Although inadequate compensation was most cited as the primary reason for leaving the Navy, there were several other factors that were causing large numbers of our best junior and mid-grade officers to opt for civilian careers. These factors included the frustration of trying to accomplish their mission without adequate personnel or material resources, little recognition for the personal sacrifice they were making in the service of their country, and the perception that the future did not seem much brighter. This situation was particularly acute in those officer communities, such as our nuclear-trained offiers and aviators, where lucrative civilian opportunities were abundant. Primarily because of congressional action in 1980 and sustained by congressional and administration action beginning in 1981, we were able to stem the exodus and slowly rebuild our officer corps. Figure seven displays our goals and results in officer retention.

FIGURE 7.—OFFICER RETENTION

[By fiscal year, in percent]

	1981		1982		1983		1984		1985	
	Goal	Attrition	Goal	Attrition	Goal	Attrition	Goal	Attrition	Goal	Projection
Surface warfare	60	42	49	43	48	44	52	50	49	47
Nuclear surface	68	33	58	21	63	45	66	42	78	38
Pilot	60	42	60	49	60	58	60	56	60	53
NFO	60	65	68	73	73	74	79	81	75	75
Nuclear submarine	56	33	63	39	57	46	60	47	55	48

Nuclear officer retention

The consistent attainment of nuclear junior officer retention goals is absolutely fundamental to our ability to eliminate existing shortages and maintain sufficient inventories in the long-term. When nuclear officer retention goals are not met, officer at-sea department head tours are extended and shore duty tours are eliminated in order to keep nuclear powered ships and submarines fully manned.

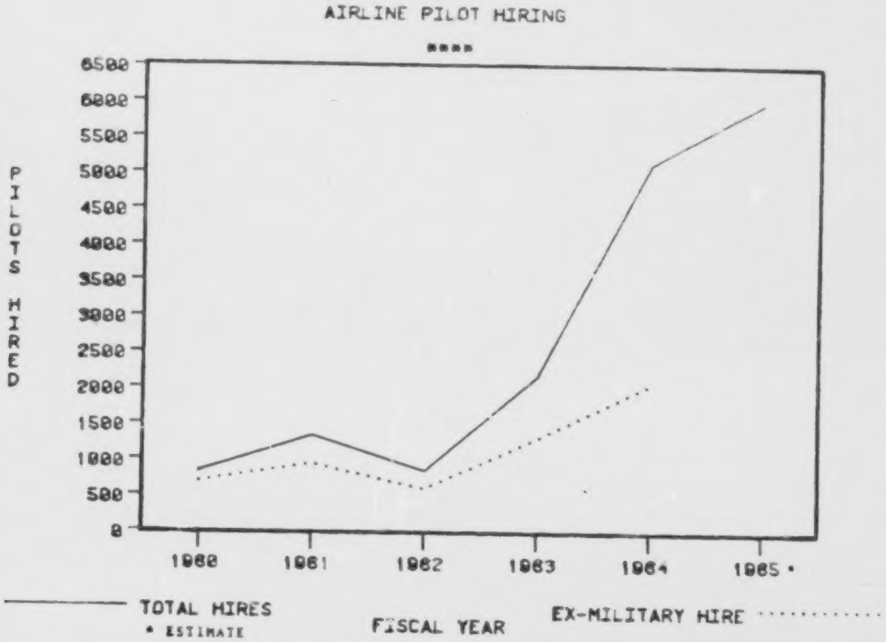
For several years nuclear officer retention responded well to the congressional program enacted in 1980. Retention rates, although still short of required rates, improved significantly; and the positive trend was encouraging. Now, we have begun to see the first indications of a reversal to this positive trend. The number of officers submitting resignations in 1984 rose dramatically, and resignations in 1985 are exceeding 1984 levels. Of even greater concern is the number of resignations submitted compared to community size. This percentage has returned to our exceeded FY-81 levels for both nuclear surface and submarine officers.

The shortage of experienced nuclear officers is already severe, retention rates are still short of requirements, and now the trend is again negative, erasing the gains achieved following 1980. Unless immediate action is taken to enhance the effectiveness of Nuclear Offier Incentive Pay, we will be unable to grow the required future inventories of experienced nuclear officers.

Retention of naval aviators

In 1981 we were about 2,500 pilots short in the grades of Commander and below, a deficit caused by several years of low pilot retention. The Aviation Officer Continuation Pay bonus program has been responsible for dramatically reducing this shortage, with retention steadily increasing from a low of 30% in FY-80 to a high of 58% in FY-83. Retention however, declined slightly in FY-84 to 56%. Even more alarming is the 75% increase in pilot resignations in FY-84 over FY-83 (328 vs 188). So far this year pilot resignations have continued this disburbing trend. We attribute this trend to an overall improving economy, and substantial expansion in airline hiring, which is illustrated in the chart that follows.

Figure 8



We have felt these pilot losses most acutely in our carrier based tactical aviation and land based fixed wing communities. For example, of 986 pilots from these communities eligible for the Aviation Bonus in 1984, only 442 (45%) opted to obligate for additional service by accepting the bonus. This is down from an 85% acceptance rate among junior aviators in FY-81. The Aviation Bonus is losing its effectiveness as a retention tool. We have proposed legislation, which I will discuss in more detail later in this statement, to restore the effectiveness of this bonus program.

Reducing negative influences

There are several factors which adversely impact on readiness, and work counter to any plan to meet expanded requirements. These factors include attribution, desertion and substance abuse. In addition to the positive actions noted above with respect to recruiting and retention, complementary actions have been vigorously pursued that will continue to reduce those factors which negatively influence the efficiency of our personnel system.

Attrition and desertion

Improved recruiting and retention rates have enabled us to improve the quality of the force by separating personnel whose professional or personal performance does not contribute to command readiness. Many of these separations are a direct result of the renewal of our commitment to "pride and professionalism" and our zero tolerance substance abuse policy. First term attrition numbers have remained relatively steady for the past three years. Since 1981 we have separated junior personnel, whose performance was below standards and who showed little potential for improvement, from the Navy without adverse consequences (Project Upgrade). We have made great progress in the quality of our force through these actions. Lower absence and desertion rates are a reflection of this quality improvement.

Unauthorized absence and desertion rates have steadily declined over the last five years. Arduous shipboard working and living conditions, coupled with extended periods at sea and inadequate levels of supervision and leadership caused by shortages of experienced petty officers, increase the propensity for sailors to go VA or desert. Conditions in the fleet during the mid to late 1970s accentuated all of these problem areas and the result was an unprecedented high level of unauthorized absence and desertion. The recruiting, retention and quality improvements of the 1980s have all directly contributed to the dramatic improvements depicted below:

FIGURE 9.—COMPARISON OF FISCAL YEAR 1980 AND FISCAL YEAR 1984 UNAUTHORIZED AND DESERTION RATES

	Fiscal Year 1980	Rate per 1,000[1]	Fiscal Year 1984	Rate per 1,000[1]
Unauthorized absence	37,548	82.0	21,662	43.5
Desertion	12,131	27.0	5,752	11.6

[1] Rate per 1,000 based on average strength.

Substance abuse

A policy of "zero tolerance" coupled with state-of-the-art procedures for detection and deterrence have proven to be highly effective weapons in winning the War on Drugs. Our emphasis on fitness and wellness has also had a positive impact on the continuing decline in substance abuse. Our most recent data, gathered during the FY-84 random urinalysis survey, indicates that the level of marijuana/hashish usage among junior enlisted personnel (E1-E5) is now 10.4 percent, a dramatic decline from the 48 percent level recorded in 1980. We will continue to maintain strong emphasis on detection and deterrence through our proven Navy-wide urinalysis program. In addition, new initiatives to detect other drugs (e.g., LSD) are being aggressively pursued. We are now entering a renewed prevention education phase to sustain our zero tolerance policy. This education includes a new General Military Training (GMT) plan, a more intense Navy Substance Abuse Prevention Program (NASAPP), and a pilot for an eight-hour Supervisor's Substance Abuse Workshop.

Navy total force management improvements

The primary concern in setting the proper mix of Active and Reserve forces is the maintenance of the level of readiness necessary to meet peacetime commitments and war plan requirements. Historically, our maritime strategy has been one of forward deployment. This strategy necessitates the continuous overseas presence of a significant portion of the fleet in peacetime and requires that our units be maintained in a high state of combat readiness. While a large percentage of Army and Air Force units are required to forward deploy in strength only after mobilization, U.S. maritime strategy calls for a forward deployed combat ready fleet in peacetime. This basic distinction between the Services is fundamental to understanding the differences in policy with respect to the judicious employment of Reserve forces.

Within the context of Navy Total Force development, the Chief of Naval Operations has institutionalized the Active/Reserve Mix planning efforts undertaken last year. A permanent flag officer billet has been established to serve as Total Force Advocate. His responsibility is to continually assess the Navy's force structure to determine the optimum mix of Active and Reserve component units to meet war fighting needs. With analytical support from the Center for Naval Analyses, he and his staff evaluate potential changes in Total Force composition to determine whether the Naval Reserve can shoulder a larger share of naval operations in peacetime (thus relieving pressure for growth of active duty end strength), and whether the Naval Reserve will be properly trained and equipped to conduct prompt and sustained combat operations in wartime.

The civilian work force is another important segment of Navy's Total Force Management Program. Civilian manpower provides vital maintenance and support to our peacetime and wartime military mission.

Reserve military manpower

The gap between peacetime capability and wartime requirements must be filled with qualified Reserve units and individuals. The major function of the Naval Reserve in peacetime is to train for a high state of readiness upon mobilization. Initiatives to strengthen the Naval Reserve Training Program are underway. They include development of a new Surface Reserve Training Plan, formal inclusion of Reserve Training Requirements in the Navy Training Plans Process, and the expanded use of Active Reserve Training facilities on weekends by Selected Reservists.

The phrase "mutual support" has been adopted to describe those Naval Reserve training evolutions which also provide direct assistance to active duty units in the performance of their missions. Examples are CONUS air logistics support, air tanker services, pre-deployment air combat refresher training, fleet intelligence production, fleet exercise support, ship intermediate level maintenance, cargo handling support, construction support, chaplain and medical support, and security group signal analysis.

The Naval Reserve is embarked on its most ambitious expansion effort in recent history. With your encouragement and support, Selected Reserve strength, including Training and Administration, Reservists (TARS), will grow from 97,000 in FY-80 to 129,000 by the end of FY-85, a 33 percent increase. In order to better manage this growing force, strength planning and Selected Reserve community management functions will be assumed by the Commander, Naval Reserve Force commencing in June, 1985. The ability to project Selected Reserve strength requirements and manage individual rating specific communities will prove invaluable to obtaining maximum utilization of manpower assets. Officer strength planning has been expanded to include the Selected Reserve. Using Navy Manpower for Mobilization System (NAMMOS) requirements as a base, plans are being developed which will provide a valuable tool for Reserve budgeting and accession planning.

We are expanding the TAR community for the express purpose of achieving the proper Active Duty/Selected Reserve Mix. This expansion will enable the Naval Reserve, particularly NRF ships, to achieve maximum operability while at the same time providing optimum training to assigned Reservists. For the [illegible] year history of the TAR Program, we are commissioning Ensigns [illegible] cer community for assignment at sea to meet junior officer requirements [illegible] Reserve Force (NRF) ships. The primary accession source is the [illegible] Academies.

The Sea and Air Mariner (SAM) program has proven imp[illegible] junior enlisted personnel mobilization requirements. The SAM [illegible] 10,000 non-prior service accessions annually, to satisfy E-4 and [illegible] for NRF ships, aircraft squadrons, Ship Intermediate Mai[illegible] (SIMAs), Seabees and medical units.

A counterpart officer program, OSAM, was initiated this fisc[illegible] year goal of accessing 75 junior officers to serve a maximum tw[illegible] obligation and return directly to the Selective Reserve and a fou[illegible] gation. Both of these programs are aimed at strengthening the b[illegible] Naval Reserve must grow.

Civilian manpower

Civilian manpower comprises a vital segment of the Navy's overall resources. The majority of Navy civilian employees are assigned tasks directly related to our readiness posture. More than half of them work in industrial activities comprising a wide-ranging spectrum of depot maintenance and repair, engineering, RDT&E, printing, public works and transportation functions essential to Fleet readiness. Many of the Navy's civilians employed at operational and maintenance activities perform essential readiness support in supply centers, air stations and ship repair facilities. The balance of our civilians provide essential support in functions such as training, medical, engineering, development and acquisition which have a significant, although longer range impact on readiness.

During the two preceding fiscal years, only Navy's industrially funded activities—depots, shipyards, etc.—were exempted by the Congress from ceilings. We benefited from this exemption in several ways. We achieved:

Greater ability to respond to unexpected workload changes;

Elimination of the need to temporarily drop workers from the rolls to avoid exceeding ceilings; and

Freedom to place more emphasis on employee training and contract monitoring.

The benefits derived from exemption from ceiling constraints by Industrial Activities demonstrate the positive results that can be achieved in the efficient utilization of civilian manpower.

FY-85 congressional action extended the exemption from end strength ceiling controls to all civilian manpower requirements. This provision allows the management of civilian employment through more flexible fiscal controls linked to authorized programs. Civilian employment levels will now be determined by the level of funded programs and associated workload approved by the Congress.

The Navy welcomes the added flexibility that the waiver of statutory end strength provides in the management of civilian resources and strongly supports the continuation of the civilian ceiling exemption.

We are committed to increasing the efficiency of our civilian work force. Efforts in this area include the Commercial Activities (CA) and Efficiency Review (ER) programs, and the Navy Lab Personnel Management Demonstration Project.

Under the Commercial Activities (CA) program, we are conducting cost studies using OMB Circular A-76 procedures to determine whether performance of these functions is more cost-effective when performed under contract or by utilizing in-house resources. During the period FY-79 through FY-84, we have conducted cost studies of commercial functions involving some 1,200 military and 15,000 civilian personnel. Following these studies, contracts were awarded which resulted in savings of 1,000 military and 6,700 civilian spaces. Associated dollar savings to the government totalled $107 million over the same period. Additional savings of 200 military and 800 civilian personnel resulted from cost studies indicating in-house performance of workload was more economical to the government. Studies covering a total of 4,500 military and civilian positions annually are planned in both FY-85 and FY-86. In accordance with congressional direction, actual savings are reflected in the budget, whereas projected savings are not included.

We are applying procedures similar to those of the Commercial Activities Program to those activities exempt from competition with the private sector. This effort comprises the Efficiency Review Program. Under it, teams of analysts examine our manpower and material resources and review existing processes, procedures and organizational structures. Their objective is to identify and implement improvements in the performance of these functions and to develop the most efficient organizations achievable. The goal is to minimize the costs for a given function so that [illegible]

[illegible]

During this coming year the civilian retirement program will be reviewed. It is an important compensation component for our civilian employees. Changes to the civilian retirement program must be carefully reviewed to insure that we do not lose our ability to maintain this vital segment of Navy's overall resources.

Management improvements

We have reexamined our manpower, personnel and training management policies and practices to ensure that the methods by which we do business are supportive of our objective of improving personnel readiness while keeping pace with force structure growth. As a result, we have achieved significant improvements.

Manpower requirements determination

In order to improve the use of manpower resources and better quantify our needs, the Navy Manpower Engineering Program (NAVMEP) was developed to coordinate all manpower requirements determination for the U.S. Navy. The best aspects of several manpower programs have been consolidated under NAVMEP. These include the Ship and Squadron Manpower Document Programs; the Efficiency Review (ER) Program; the streamlined Shore Manpower Document Program (SHMD); and the Commercial Activities (CA) Program. The major impact of NAVMEP will be in the development of manpower requirements for shore activities. NAVMEP will accelerate this process and will result in 100 percent coverage of the shore establishment by December 19[illegible]. This coverage will initially be achieved using a wide variety of industrial engineering techniques such as staffing standards, manpower estimating models, efficiency review studies and industrial engineering surveys. Over time, the more rigorous of these techniques will be used to iteratively refine our requirements baseline by incorporating efficiencies, thereby increasing readiness. NAVMEP will relate manpower requirements and authorizations of funded programs while identifying more efficient methods of organization and uses of manpower resources.

Information requirements

During the past two years, there has been increased involvement of manpower, personnel and training functional managers in the identification of information requirements. The management of Manpower, Personnel and Training resources is truly "information dependent." The complex weapons systems being used in the fleet today require lengthy training pipelines that can only be managed with the aid of rapidly accessible, accurate information supported by the latest computer and communications technology. Recently, functional managers concerned with day-to-day operational responsibilities have been taking a lead role in the development of their information requirements with the aid of a structured business planning process which pinpoints information deficiencies from a total information flow perspective. For the first time, managers are able to fully define and understand their total information needs, allowing them, and not their technicians to make critical decisions on employing their information resources.

With the new directions of integrating communication networks and the continued development and installation of standardized Navy-wide automated information systems, our capability of providing pay, personnel, and training information between the fleet, shore stations, and headquarters is being greatly enhanced. The active involvement of MPT managers in determining information requirements will provide significant improvement in the quality and accuracy of information needed to accomplish their missions.

Meeting information requirements for wartime involves the planning, development, and maintenance of procedures and associated data processing programs. [illegible]

[illegible]

[illegible] For several years we have received successive, and sometimes substantial, reductions to our PCS budget requests. These reductions have required program cuts below planned levels without a full appreciation for long term implications. As a result of these reductions, we have been forced to take management actions that adversely impact on our sailors.

Our PCS requirements are based on a billet structure which is growing increasingly sea intensive. Because the ships are dispersed, the billet structure for many of the sea intensive skills provides a sea to shore billet ratio in excess of ten to one in some locations, far in excess of what would provide a reasonably sea-shore rotation. Because of this mismatch between billets ratios and sea-shore tour ratios, large numbers of our sailors must be moved to locations away from our sea ports upon completion of sea duty and back again upon completion of shore duty. The billet base simply will not allow them sea and shore duty in the same location. The alternative would be to have many sailors serving ashore without a billet in some locations and extensive vacant billets at other locations.

When funding is inadequate we cannot support established sea-shore rotations and overseas tour length policies which we know are vital to good personnel management, retention and morale. Successive reductions below what can be accommodated by program efficiencies have caused us to defer moves from year to year, a management action that has caused the gap between move requirements and funded moves to grow each year and prevented the Navy from executing a properly balanced PCS program.

Our ability to maintain high standards of readiness depends on retaining trained and experienced sailors. This means we must have the flexibility to develop and execute a balanced PCS program that includes correcting manning imbalances and providing reenlistment incentives for choice of duty, reasonable sea tours and training opportunities. We need congressional understanding and support for our PCS funding request to meet all these objectives.

Women in the Navy

During the past five years, women in the Navy have increased in both numbers and job diversity. The numerical increases are illustrated below:

FIGURE 10.—WOMEN END STRENGTH

	Fiscal year—		
	1980	1984	1985 [1]
Enlisted end strength	29,806	42,258	44,300
Percent of all enlisted	6.5	8.4	8.9
Officer end strength	4,877	6,606	6,860
Percent of all officers	7.7	9.4	9.7

[1] End fiscal year 1985 projection

The Women In Ships program has continued to grow with a projected total of about 200 officers on 34 ships and over 5,000 enlisted women on 36 ships by the end of this fiscal year. This reflects an increase of approximately 4,000 women serving in permanent shipboard assignments over FY-80.

During FY-84, the Navy expanded Temporary Additional Duty (TAD) opportunity for women Helicopter Pilots and Explosive Ordnance Disposal (EOD) officers, among others, to vessels operating within SIXTH and SEVENTH Fleets. In addition, Navy recently expanded its utilization of enlisted women in a ground support role in all 24 operational VP squadrons.

Because women are restricted by law from permanent assignment to combatant ships and aircraft, diversified employment in the CONUS and overseas shore establishments, as well as expanded Temporary Duty opportunities at sea, provide the primary avenues for additional career opportunities for Navy women. As Navy approaches its women end strength goals (which are derived from sea/shore rotation requirements), management initiatives have increasingly focused on providing individuals with opportunities for career enhancing assignments leading to upward mobility, increased leadership responsibilities and the ultimate achievement of a rewarding Navy career.

Career paths for women Surface Warfare Officers have been revised to provide additional experience at the Post-Department Head level ashore as partial compensation for the lack of available senior shipboard billets to which women may be assigned. Initiatives are also being developed to provide increased opportunities for women Surface Warfare Officers to serve in shore Command and Executive Officer billets.

Navy's commitment to increased employment of women plays an important part in our ability to man the 600-ship Navy.

Equal opportunity

The Navy is deeply committed to a strong equal opportunity program. In the early 1970's, we initiated an intensive program to establish and maintain equal opportunity for all. As a result, minority officer composition has increased from less than 1 percent in 1970 to 8.1 percent this year. Today there are more than 3,000 black and Hispanic officers in the Navy, four of whom hold flag rank. Minority enlistment composition has more than doubled from 1970 to 1984, from less than 10 percent to almost 22 percent, the approximate percentage of minorities in the population. Reenlistment rates for minorities now exceed the Navy-wide average.

Today, our efforts are directed at institutionalizing the Equal Opportunity gains made to date. Long a subject of special training programs, indoctrination and highly trained specialists, Equal Opportunity will now receive an added dimension through enhanced emphasis on the chain of command. Command Managed Equal Opportunity capitalizes on the ultimate responsibility of the commanding officer to ensure full development of each individual's potential.

Training and education initiatives

Training imparts skills, and one of our foremost objectives is to continue the progress the Navy has made toward more effective training for both individuals and military units. The quality of military training is generally high, but better management and support can create further improvements. To meet this need, the following initiatives in Navy training management are underway:

The Navy's Training Strategy now focuses on ten major objectives which place appropriate emphasis on training and assign specific responsibilities to major commands for implementation. All other policy documents will be made to conform with this "umbrella" directive.

We have instituted a major headquarters staff reorganization to more effectively manage total Navy training. Within the CNO Staff there is now a Division, headed by a Rear Admiral, that is dedicated to managing the Navy training and education effort, including resource management, standardization and control of training device acquisition and management, identification of requirements in the early stages of Weapons System Acquisition, and the development of Training Continuums (full career training plans) for all warfare mission area ratings.

The role of the Training Resources Panel has been reestablished and strengthened. It now meets three times yearly to identify and track important training resource related issues and resolve them through the programming and budget process.

We have instituted a formal Fleet Training Assessment Program, or FLETAP, to track and resolve training discrepancies in the fleet. This system is planned to be not only responsive to the correction of training deficiencies, but also to become a pro-active link to assess fleet training, and to provide fleet evaluation of schoolhouse output.

We have expanded our efforts to eliminate training redundancy and are tailoring each segment of training to individual needs at specific career points. Our emphasis on training management will yield cost-effective increases in warfighting capability.

Education

There can be no better investment in the potential of our men and women in uniform than to provide the opportunity for education. We are placing additional emphasis on our off-duty education program, the Navy Campus, as an integral part of military life. The Educational Assistance Act of 1984 carries on the tradition of the old G.I. bill in providing an educational entitlement for honorable service to one's country.

Research and development

We have developed a new MPT research and development program structure and master plan designed to provide Navy guidance to our performing scientists. The R&D Master Plan will provide more productive use of R&D products by strengthening the link between resource sponsors, eventual product users, and laboratory scientists. We are optimistic that this approach will facilitate the successful transition of R&D products from the laboratory to the field.

Quality of life improvements

I would now like to move from the discussion of management improvements and say a few words about the progress we have made in the quality of life for our personnel.

The Quality of Life program focuses on improving operational readiness by assisting our members in meeting their personal needs and family responsibilities. The welfare of our personnel and their families is critical to our success in achieving and maintaining a fully manned force. The geographic instability and family separation which are part of a naval career make availability of sufficient housing, recreational facilities, commissaries, hospitals, and family support services crucial to maintaining the standard of living and morale of our men and women. Sailors are required to spend a great deal of their time at sea and are frequently unable to be with their families in time of need. Each day the Navy has the equivalent of 86,000 single parents while their spouses are at sea. We have and must continue to dedicate appropriated funding to upgrade child care and youth programs so that our sailors may be secure in the knowledge that their families are well cared for while they are away from home. In order to offset the hardships indigenous to Navy life, it is necessary that we make every effort to achieve and maintain a quality of life equivalent to that of the society we expect our personnel to protect.

Family support program

Since 1960 the percentage of married military personnel has increased from 30% to 55%. We may recruit sailors, but we retain families. Our Family Support Program has two major elements: the Family Service Centers and the Family Advocacy Program. Each is designed to assist our personnel and their families with some of the unique problems inherent in military service. We will have a network of 62 Centers in operation worldwide, and will be within reach of 85% of our active duty population by the end of FY-85. During FY-84, we responded to over 725,000 requests for help in relocating, deployment assistance, financial education, spouse employment and family assistance.

FIGURE 11.—*Family service centers in operation, fiscal year 1980 to 1990*

Fiscal year 1980	0
Fiscal year 1981	8
Fiscal year 1982	22
Fiscal year 1983	38
Fiscal year 1984	58
Fiscal year 1985	62
Fiscal year 1986	64
Fiscal years 1987 to 1990	69

Navy's Family Advocacy Program is targeted at the prevention of and intervention in family violence situations. Recent national statistics indicate an increase in reported incidents of child and spouse abuse, neglect, sexual assault and rape. Our ability to deal with these problems is integral to an effective quality of life program. We are proud of our progress in these areas as neither of these important programs even existed in 1980.

Housing

Although our primary reliance for the provision of housing lies within the civilian community, there are occasions and locations where the community is unable to meet our needs and we must augment the supply through construction or other initiatives.

We will build 558 units of Military Family Housing in FY-85. New congressional test programs, such as section 801/802 leasing and rental guarantee programs, could provide Navy with up to an additional 1,200 units by FY-88. Our long range construction plan will reduce our current buildable deficit of 12,500 units to 3,500 units by FY-90.

Additionally, since about 80% of our housing inventory is 15 years and older, we are placing increased emphasis on modernizing Navy quarters in order to provide living conditions for members and their families comparable to that found in the private community.

To care for our unmarried members, we have increased the Bachelors Quarters construction program requests from 2,000 spaces per year in FY-80 and 81 to almost 7,000 spaces per year in the last three years.

We are continuing to improve our management assistance and inspection program, and we know this pays great dividends in enhancing the quality of life of our people living in bachelors quarters. We are also developing an automated billeting system that will increase services provided to our patrons and ensure that all spaces are fully utilized.

Morale, welfare, and recreation (MWR)

There are over 205,000 men and women in the Navy who are 22 years of age or younger. Most of these sailors are single, live onboard ship, and are on duty 60 to 70 hours a week. Shipboard habitability is austere, and, due to space considerations, even our largest ships can accommodate only the most limited forms of recreational activity. Since FY-81 we have spent $2.5 million providing fitness/recreation equipment for ships. However, this represented only 20% of the annual requirements. Even complete upgrade of all ships still cannot fill basic recreation requirements. The recreational facilities at our bases serve to fill this recreational void onboard ship by providing opportunities for sailors to use their spare time ashore more constructively. Adequate appropriated support is now the primary focus in the upgrading of Navy MWR programs. From FY-81 to FY-84, there has been a $47 million increase in appropriated funding for the recreational services elements of the Navy's overall MWR program. We are continuing to pursue initiatives for upgrading the quality of facilities and programs, extending facility operating hours and eliminating patron charges for fitness related activities.

The investment in recreational alternatives is a wise one. It provides constructive alternatives to all forms of substance abuse. It is effective in fighting boredom, and in building healthful life style modifications for sailors as well as their families. We believe that these programs have led to healthier, happier and more productive sailors.

This brings you up to date on our progress at the mid-point of our force expansion effort. I am now going to move to a discussion of what I see as the directions we must take if our objectives are to be met.

III. MID-COURSE CORRECTIONS—THE FISCAL YEAR 1986 BUDGET REQUEST

As we begin the second half of the eight year transition from 480 to 600 ships, there are several important areas wherein manpower and personnel support for the expanding Navy is not keeping pace with force structure growth. Our FY-86 budget request addresses these shortfalls and allocates resources to enable Navy to meet its personnel commitments at the end of the decade. Relatively small course corrections applied now are more desirable than violent shifts in direction later. While we are well on our way to recovering from the deficits of four years ago, now is the time to make our mid-course corrections.

Strength

Active military

As I indicated earlier, increasing our authorized active end strength is my highest priority for the FY-86 budget request. Over the past two years we have averaged about a 1% annual strength increase. For the reasons I previously outlined, this has not been enough. Our requested increase of 15,000 active strength for FY-86, an increase of 2.5% over FY-85, is pivotal in reaching our MPN end strength goal of 614,000 by FY-90. As you can see from the table below, this year's request is significantly larger than those we plan for subsequent years. One might ask why we cannot defer some of our growth to subsequent years. There are two very compelling reasons why we cannot. All FY-86 growth goes to fill Fleet and Fleet Support requirements. If we defer adding these billets, we decrease readiness in the very near term. Second is the hard fact that if we need a petty officer for a ship that commissions in the future we cannot create that experience overnight. He must be recruited and trained today for tomorrow's ship. Failure to do so jeopardizes future readiness.

FIGURE 12.—*Fiscal year 1986 to 1990 end strength growth*

Fiscal year 1986	586,300
Fiscal year 1987	593,400
Fiscal year 1988	598,100
Fiscal year 1989	609,300
Fiscal year 1990	614,100

To accommodate reductions in past end strength requests, we have reduced shore support manning and suppressed shore manpower growth to the bare minimum. We cannot afford to continue reductions or defer growth in this vital area. Considerable effort has been expended analyzing manpower alternatives, such as civilian substitituion, shifting missions to the Reserve and utilizing private contractors. The budget request reflects this effort and the inescapable conclusion is that we must increase our support strength this year, even if it is at the expense of fleet manning

In addition, we are beginning to see reversals of recruiting and retention successes of the recent past. The combination of an improving economy and a shrinking national manpower pool will work against us during the next few years. We must take advantage of today's manpower market now to ensure that we can provide the numbers of high quality officers and petty officers we will need tomorrow.

Trained personnel are as integral to new weapons systems as are the equipment that must be operated and maintained. The decision to provide the requisite manpower was implicitly made when hardware procurement decisions were approved. Failure to provide the personnel portion of these new systems at this juncture jeopardizes system effectiveness, introduces costly personnel system inefficiencies and adversely affects combat readiness. Existing units feel the effects of stop gap personnel transfers to provide experienced people for new ships and squadrons by drawing down on existing platforms.

Selected reserve

Expansion of the Reserve Force is a major component of the growth toward the goal of 600 ships and 15 carrier battle groups. For FY-86, we need an increase of 8,800 in Selected Reserve average strength and 2,763 additional TAR personnel. These increases are necessary to enable the Naval Reserve to grow to meet requirements as quickly as practical. This growth is an integral part of our plan to meet the Navy Manpower Mobilization System (NAMMOS) Requirements for Selected Reservists by the end of FY-88. Reserve Force end-strength growth is illustrated below:

FIGURE 13.—FISCAL YEAR 1986 TO 1990 RESERVE FORCE END-STRENGTH

	Fiscal year—				
	1986	1987	1988	1989	1990
SELRES (including training pipeline)	122,240	130,115	135,273	137,488	137,831
Active duty support (TARs)	17,973	20,082	21,787	22,789	23,154
Temporary active duty (TEMAC)	1,537	1,518	1,555	1,638	1,230
Total	141,437	151,715	158,615	162,915	162,215
Average strength	(134,400)	(147,500)	(155,900)	(160,800)	(162,200)

Civilian

Our budget request for 318,675 civilians represents a modest increase of 1,405 above the FY-85 level. This increase provides a balanced relationship between the size of the workforce and planned workload. Staffing increases will support enhanced physical security for bases and stations, improved management and oversight of procurement and facilities acquisition, and medical occupational health and quality assurance. In addition, a number of military positions will be civilianized, thus allowing military personnel to return to more critical military positions which will improve readiness. Other adjustments have been incorporated in industrial activities to ensure that workforce and workload are in balance. Manpower levels for Navy Air Rework Facilities have been increased in consonance with growing workload while manpower levels for shipyards and Public Works Centers have been reduced.

Increase recruiting resources

Recruiting success is directly related to the national economy. Therefore, the significant reduction in unemployment over the past year must be countered by additional assets for recruiting. We are firmly committed to maintaining, and increasing as necessary, the resources required to successfully attract the high quality manpower we need for a 600 ship Navy. This means adequate funding to operate our Recruiting Command, substantially more money devoted to national awareness advertising to complement the work of field recruiters, and, most importantly, increased manning of the recruiting force with officers, chief petty officers and petty officers of the highest quality. In the past, we waited for significant failure before playing catch-up ball with recruiting assets. We do not want to make that same mistake again.

With this approach in mind, our FY-86 recruiting request reflects an increase of 350 recruiters, 30 support personnel and $7.5M in operating resources over the FY-85 level to keep pace with changing manpower market conditions.

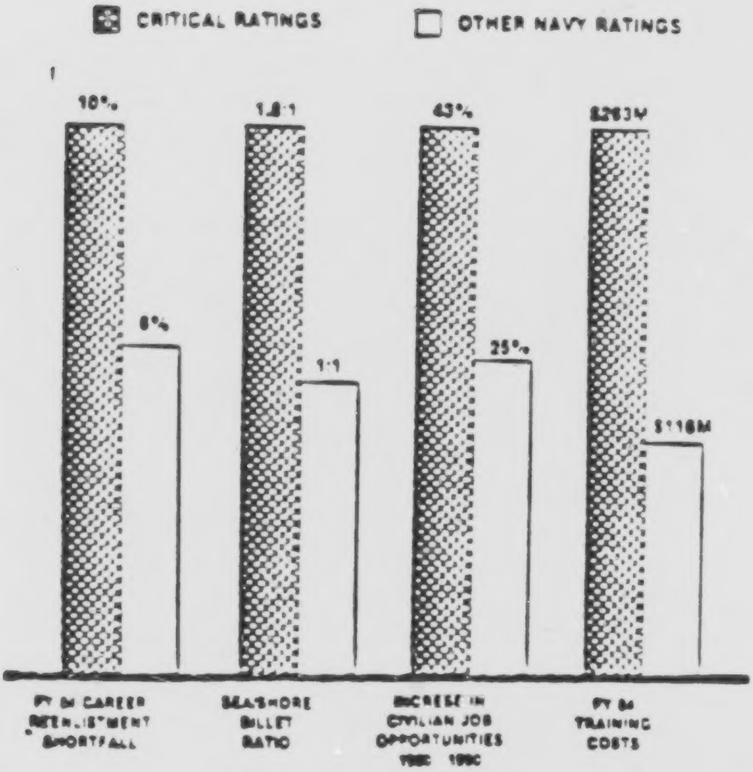
Compensation and legislative issues

Retention and the selected reenlistment bonus (SRB) program

Retention is just as important as recruiting in ensuring a force of adequately trained personnel. Accordingly, I must emphasize the importance of the Selective Reenlistment Bonus and other special pays in our retention program. These programs are extremely cost-effective when compared to the replacement cost for the petty officers they retain. Figure 14 provides a particularly telling picture of the need to retain our mission critical ratings.

Figure 14

COMPARISON OF RATINGS CRITICAL TO READINESS WITH ALL OTHER NAVY RATINGS



These personnel are in short supply today; we are forced to keep them at sea longer; they are in high demand in the private sector; and they are the most costly to train. The Selective Reenlistment Bonus is our most effective retention tool. We estimate that 7,300 petty officers in combat-essential skills would have left the Navy in the last fiscal year alone without the SRB program. We can directly relate increased SRB to increased retention and manning. We can directly relate increased manning to increased combat readiness. Last year's decision to increase the SRB ceiling from $20K to $30K was an effective, no-cost modification to the program. The increased ceiling is providing more and longer reenlistments in the critical skill ratings. Increasing the 10 percent restriction (no more than 10 percent of bonuses paid may exceed $20K) to 25 percent would increase our flexibility and improve retention of a wide range of mission-critical skills without increasing costs. The management flexibility, proven results in retention and enhanced material readiness, and the relatively small cost of the Selective Reenlistment Bonus make it worthy of continued congressional support. In the same way, other special pays ensure that a balance of skill and experience are available to fill the proper jobs at the appropriate times. In this regard I ask that you support OSD's legislative recommendations on the Fifth QRMC regarding special and incentive pays.

Nuclear officer incentive pay and submarine pay targeting

As I discussed earlier, our most serious officer personnel problem is the severe shortage of experienced nuclear trained officers. In order to grow future inventories of experienced officers we must provide for consistent achievement of accession goals and attainment of career retention requirements. In the interim, it has become absolutely essential that we retain the maximum possible number of officers in the depleted senior year groups. I am firmly convinced that the only solution to the nuclear officer manning problem is a bonus and special pay package that provides adequate compensation for the immense responsibilities and arduous nature unique to their career pattern, and which allows us to compete more effectivley with the considerable private industry demand for these talented officers. To this end we are proposing legislative modifications to the Nuclear Officer Incentive Pay and Submarine Pay program. The key features of these proposals are:

Removes the current restriction that allows only one multiyear bonus contract per career.

Raises bonus ceilings to restore bonus effectiveness.

Restructure the accession bonus to improve recruiting.

Revise the Submarine pay table to eliminate the pay cut experienced by officers in submarine command billets.

In terms of its positive impact on fleet readiness and safety, this proposal is a most cost-effective way to attack the problem. I solicit your support for this urgently needed legislation.

Aviation officer continuation pay

To restore the effectiveness of this extremely cost-effective retention tool, we are proposing legislative modifications to the bonus program. Key features are:

Increase the 6 year contract value from $6,000 to $8,000 per year.

Eliminate the current restrictions that deny Hazardous Duty Pay and reduce the Aviation Career Incentive Pay (ACIP) for AOCP recipients.

Widen the bonus eligibility window from a one year to a two year period.

Dental officer special pay

Last year the Congress reduced COPAY by half after 30 June 1985 for Dental Officer specialities manned at 95% or greater unless new legislation is enacted by 30 June 1985. OSD has submitted new legislation which meets the requirements of the House Appropriations Committee to bring this pay into alignment with Medical Special Pay Structure. This legislation will not increase budget requirements. The impact of failure to enact would be serious manning problems in the Navy Dental Officer Community. Of 1,650 dentists on active duty, 244 are retirement eligible and 496 have less than 10 years service. The dental officer community is already 71 officers short of their authorized strength, and the exodus of even 100 of the 740 most likely to leave would have far reaching effects on the dental health of the Navy. In order to prevent this unnecessary crisis, I urge your support for the Armed Forces Dental Officer Special Pay legislation.

DOPMA grade ceiling relief

Since its enactment in 1981, the Defense Officer Personnel Management Act (DOPMA) has proved a viable asset in the management of Navy's officer resources. However, one aspect of DOPMA, the grade ceilings for LCDR's and CDR's, is causing increasingly difficult personnel management problems. These grade ceilings were established based on the low mid-grade officer inventories and retention we were experiencing in the late 70's when the legislation was developed. As our requirements for these officers has grown as the Navy has expanded, we are rapidly approaching the point where the ceilings do not allow us to maintain an inventory sufficient to fill the requirements. Since our priority has always been to keep our sea billets fully manned, the impact of the inadequate ceilings shows up primarily in our inability to man shore billets, low numbers attending post graduate and service schools and increasing time spent at sea. As promotion opportunity decreases and flow points move steadily toward DOPMA maximums, the problem becomes increasingly acute. We badly need increased grade ceilings to more effectively manage our officer corps, both today and in the future.

Military retirement

I am concerned about the stability of the military retirement system. Repeated criticisms of military retirement through erroneous comparison to civilian pension plans and misunderstanding of its purpose, can create in the minds of Navy personnel the perception that they have merely an expectancy which can be revoked at any time. A growing number of our sailors who decide not to reenlist cite uncertainty over the future of retirement benefits as a factor in their decision to leave the Navy. I cannot emphasize strongly enough the importance of the military retirement system as a force management tool. I encourage you to send a clear signal that there will be no degrading changes to that system.

Naval Reserve force incentive programs

Expansion of the Naval Reserve requires enhanced personnel management tools to attract and retain quality personnel. I ask your support for three initiatives to increase the capability and strength of this important element of the Navy.

The Selected Reserve Enlistment Affiliation, Reenlistment Bonus Program will extend existing law (which expires 30 September 1985) and increase the bonus amounts to provide added inducements to enter, or continue, participation in the Reserve. The proposal will allow Navy to target incentives to critically undermanned ratings and units, and is necessary to enable Navy to attain its required enlisted SELRES strength.

The TAR Selective Reenlistment Bonus Program will provide authority to pay SRB to TARS. Over the next five years, the TAR community must grow by 30 percent to support an expanding Naval Reserve Force. Growth in technical skills will require SRB, just as these same skills require SRB in the regular Navy. Without TAR SRB, we will not be able to accomplish our plan for manning the NRF ships.

SELRES Unit Incentive Pay Program will allow Navy to provide an incentive to individuals affiliating with specified, hard-to-man units in the Naval Reserve. This Unit Incentive Pay is designed specifically to increase manning levels and improve retention in NRF Ships. Improved stability will add continuity to the crew training, thereby increasing readiness.

BAQ/VHA beyond 90 days

Another initiative included in the FY-86 request is targeted toward our deploying forces. Currently, sailors, marines and soldiers receiving BAQ/VHA lose that entitlement after the first 90 days of sea or field duty. Our single personnel often have the same residence costs that our married members have and should not be financially penalized for extended deployment or field duty. I urge that you extend the current entitlement to cover extended deployments and field duty.

Reimbursement of personal expenses

Over the last several years, the costs to our members associated with PCS moves have increased while reimbursement entitlements, with a few exceptions, have remained at previous levels. Several studies, including one by GAO, have documented that service members are not being properly reimbursed for travel expenses necessarily incurred incident to permanent change of station orders. These expenses are direct costs of doing business and reimbursing service members for them should be viewed as a government obligation and not as additional compensation. Since these permanent station changes are made for national security reasons and not because of personal desires, service members should not be forced to subsidize the cost. A 1984 study showed that for every $2 a military family spends during a PCS move, excluding costs of buying or selling a house, less than $1 is reimbursed by the government. This is simply not fair to our men and women in uniform. I would like to offer the following comparision of actual costs and military and government civilian PCS reimbursements:

FIGURE 15.—COMPARISON OF MILITARY AND CIVILIAN PCS COSTS AND REIMBURSEMENTS [1]

[As of January 1, 1985]

[From San Diego, CA, to Pentagon, Washington, DC]

	Cost	Reimbursements		
		Civilian (GS-9)	Military (E-7) now	Military (E-7) w/chg
Prior to departure (6 days):				
Residence hunting trip, air travel/employee and spouse	$780	$780	[2] $0	[2] $0
Lodging/subsistence	556	525	0	0
Real estate expenses/residence sale	10,349	10,349	0	0
Subtotal	11,685	11,654	0	0

FIGURE 15.—COMPARISON OF MILITARY AND CIVILIAN PCS COSTS AND REIMBURSEMENTS [1]—Continued

[As of January 1, 1985]

[From San Diego, CA, to Pentagon, Washington, DC]

	Cost	Reimbursements		
		Civilian (GS-9)	Military (E-7) now	Military (E-7) w/chg
Enroute (9 days):				
Travel by POV (2,630 miles)	526	[3] 526	[4] 671	[3] 526
Tolls (approximate)	10	10	0	0
Lodging/subsistence	950	950	[5,6] 450	[5,6] 950
Subtotal	1,486	1,486	1,121	1,476
Upon arrival (20 days):				
Temporary quarters/subsistence	1,853	1,853	[7] 498	[8] 938
Miscellaneous expenses	961	961	373	373
Real estate expenses/residence purchase	3,390	3,390	0	0
Subtotal	6,204	6,204	871	1,311
Total excluding real estate	5,636	5,605	1,992	2,787
Total including real estate	19,375	19,344	1,992	2,787

[1] Family, member/civilian, spouse, 1 child age 7, 1 child age 1.

[2] Space-available Military Aircraft Command (MAC) transportation for member only at cost of $10.

[3] $0.20 per mile max for 4 or more occupants.

[4] $0.15 per mile member, $.07 per mile spouse $.035 per mile child age 7, $0 per mile child age 1.

[5] Per diem includes daily BAS for military.

[6] BAQ payment excluded, VHA not payable. BAQ may be needed for permanent quarters if dependents travel separately from member.

[7] 4 days Temporary Lodging Expenses authorized in law, no funds appropriated. Funds represent 20 days of BAQ, VHA, and BAS.

[8] Includes 20 days of BAQ, VHA, and BAS.

My purpose in providing the preceding comparison is not to imply that government civilians are over-reimbursed for PCS expenses. Their entitlements simply provide for more complete reimbursement. Rather, I am attempting to show the wide disparity (approximately $17,000 per move for paygrade E-7 and equivalent) between civilian and military reimbursements.

The above data does not include the disparity in maximum household goods weight limitation, which are 18,000 lbs for all government civilians and held at 13,500 lbs for the senior members of the military. In FY-83 and FY-84, about 7,000 Navy personnel paid almost $5 million out-of-pocket for household goods shipped in excess of their weight allowance during PCS moves. This averages out to $714 per family.

In FY-83, the combined total of grants, loans, and other forms of aid given to service members by the American Red Cross and the service relief societies for family assistance resulting from permanent station change travel and for emergency leave totaled $61.9 million, up $10 million from FY-82. In 1983, the Navy Relief Society, which supports both Navy and Marine Corps members, reported that 12 percent of all loans and grants given to service members were for moving expenses. This amounted to $2.3 million. Another $17.0 million was provided for emergency relief. During the first six months of 1984, the share of Navy Relief aid provided for moving expenses increases to 18 percent. Where do our relief societies obtain their funds? Contributions from service members is by far the largest source for our service relief societies. Taking care of our own has been a long standing military tradition; however, I have a strong personal objection to depending on our relief societies to pay the cost of the government doing business. The service member is paying for this travel one way or the other while the government derives the benefit.

Our reimbursement levels must be raised to provide for complete reimbursement for all necessary costs incurred by our members. Therefore, I am asking for your support for the travel reimbursement initiatives included in the FY-86 budget. The fact that we have allocated scarce dollars for these programs emphasizes our recognition of their importance to our members, and is fully supported at the highest military and civilian levels of the Department of Defense. The initiatives are:

(1) Funding the temporary lodging expenses provision previously authorized;

(2) Raising the maximum household goods weight allowance to 18,000 lbs;

(3) Providing meaningful permanent change of station reimbursements for all our junior personnel;

(4) Providing per diem for dependents during PCS moves;

(5) Eliminating the cap on per diem rates;

(6) Providing an equitable automobile operating allowance;

(7) Providing funded travel for crew members of ships in overhaul in lieu of PCS moves.

(8) Providing permanent authority to pay BAQ when a ship is in overhaul and becomes uninhabitable.

Quality of life

There are three issues of particular importance in the FY-86 budget request that impact on the standard of living of our military members and their families. I urge your support for the following initiatives:

Dependent dental care.—Although military health care available to our personnel and their dependents is generally quite competitive with that provided by private sector employers, a deficiency which is becoming more significant is the almost complete lack of dependent dental care for military dependents. Major private sector employers almost universally provide the same level of dental coverage for both individual employees and their families, although employees usually share costs for family coverage with the employer. This deficiency is an ever growing problem for our personnel, and a dissatisfier in our personnel management system. Navy joins the other services in support of the contributory dental plan proposed in the FY-86 Budget. This proposed program would cover diagnostic, preventive, emergency and basic restorative services, and would cost the average military family $5-10 per month. I believe the provision of a reasonable cost dependent dental care plan for military families is now a top priority equity issue.

Housing.—Our long range construction plan will reduce our current buildable deficit of 12,500 units to 3,500 units by FY-90. The FY-86 program requests construction of 845 units at a cost of $75.4M.

Credit cards.—The quality of life for our Navy men and women can be also significantly enhanced by authorizing the use of commercial credit cards in the exchanges. This is an important element in reassuring our Navy families that their living conditions are comparable to civilian counterparts. Currently, 80% of our career Navy personnel use credit cards as a means of payment, but are denied that choice in their military exchanges.

Management initiatives

Flag officer management.—although DOPMA established key management elements for flag officers, comprehensive flag officer management guidelines do not exist. As requested by Congress, the services have forwarded a proposal which not only revises and standardizes the laws for the distribution, appointment and assignment of flag and general officers, but also provides a more clearly defined structure for congressional review and control of flag and general officer requirements. Piecemeal management of flag officers has long been a concern within Congress and Navy. The comprehensive Flag/General Officer Legislation offers us the opportunity to create a viable management system for these key executives which will have the same positive effect DOPMA has had on the remainder of our officer force. I urge your timely consideration of this important legislation. In the interim, temporary continuation of Navy's FY-85 authorization for three vice admirals over statutory limitations is essential for Navy to meet its senior management needs.

Research and development

The human element of combat makes up a significant portion of our overall fighting capability. We must always guarantee the people component of combat effectiveness remains strong. Modernization of training and optimal utilization of our people can be accomplished through a strong R&D program. Although personnel and training costs account for a significant portion of our total Defense expenditures, Navy MPT R&D accounts for less that 1% of the total Navy RDT&E appropriation. We need your support in the Congress to maintain these small but vital R&D resources at currently programmed levels.

IV. CONCLUSION

The Navy operates on the front lines of a global environment characterized by a continuum of potential conflicts and violence. As a consequence, the conditions of service for our Navy personnel are unique. High tempo, far flung operations demand an exceptional degree of unit self sufficiency and the support structure to maintain it. Sufficient numbers of properly trained and experienced people, in both at-sea and crucial fleet support shore billets, are essential to combat readiness and war fighting capability.

We have come a long way in the past four years in improving our personnel posture. We cannot sustain this trend without a mid-course correction. As we have noted, there are several critical steps to be taken to complete the transition to a 600 ship, 15 battle group Navy. Attaining our end strength growth is my highest priority. We request a measured increase to allow us to man today's force, to support it adequately with shore based maintenance and support facilities, and to build the skill and experience level needed for the near future.

At the same time, we need to focus on retaining greater numbers of those enlisted and officer personnel who possess mission critical skills, who contribute directly to readiness and capability, are the most costly to replace, and possess talents that are in shortest supply. Our proposals for modifying Selected Reenlistment Bonus, Nuclear Office Incentive Pay, Aviation Officer Continuation Pay, and Submarine Pay will accomplish these critical objectives. Improvements to the Quality of Life of our service members and their families by relieving requirements to pay the costs associated with Government directed travel "out of pocket" are long overdue. These adjustments will place our manpower and personnel programs back on track to support the force structure growth programmed for the balance of the decade.

The Navy is committed to using its manpower resources wisely and cooperating with Congress to ensure our collective goals are achieved. I urge your support for our FY-86 budget request and I look forward to working with you to these ends.

Senator WILSON. Thank you, Admiral Lawrence.

Next we will hear from Lt. Gen. Duane H. Cassidy, the Deputy Chief of Staff for Manpower and Personnel of the U.S. Air Force.

General Cassidy?

STATEMENT OF LT. GEN. DUANE H. CASSIDY, DEPUTY CHIEF OF STAFF FOR MANPOWER AND PERSONNEL, U.S. AIR FORCE

General CASSIDY. Thank you, Mr. Chairman. I am honored to be here today representing the men and women of the U.S. Air Force.

As you know, the Air Force is indeed a high tech organization today. I am here to report to you that they are more ready and better prepared than they have ever been in our country's past. Much of that is due to the support of this committee and certainly the support of the American people. They have made it possible for us to get some of the country's very finest men and women into the U.S. Air Force.

This is my first appearance at a congressional hearing. I have been in the Pentagon only a short time and in Washington almost even shorter, and have previously been a commander for some 15 years. So I do welcome this opportunity to meet with you and bring you some of the thoughts and concerns of Air Force people all over the country.

Now as we deal with military issues, many times—all too often, as a matter of fact—I think we focus attention on equipment and hardware. Equipment and hardware seems to have a big constituency. Let me assure you, though, that the Air Force places its first priority, its absolute top priority, on the most vital element of our capability, and that is our people. A vital element indeed it is.

They are the very finest people that we have ever had. They are just standard Americans like you and I willing to give a portion of our lifetime and dedicate their lives in fact to freedom and free men everywhere around us. I assure you that they are good people. As a matter of fact, they indeed are great people.

The quality is higher than it has ever been, and this translates into improved readiness and savings through reduced attrition.

Over the last 4-year period the negative indicators, all of them, in every quarter of the Air Force are down. The trends are all down, and that includes AWOL rates, unfavorable information files, drug problems, alcohol problems, and article 15's—all down, down.

On the other hand, the positive indicators are all up. In fiscal year 1984, 99 percent of the Air Force recruits were high school diploma graduates, vice 83 percent just 4 years ago. Fifty-one percent of our recruits scored better than average (upper two mental categories) for the total population of our country, and that is against 40 percent just 4 years ago.

And the best part of the story is that we are retaining these good people. Four years ago, that was hard to do, and in some cases impossible. The quality of our people indeed provides what I offer to you as the qualitative edge over all of our adversaries.

The Soviets seem to have been able to reverse engineer almost anything we have built, but the Soviets will never be able to reverse engineer the intellect, the spirit, the commitment of the American who voluntarily gives his life to service of his country. Our people will always have that primary advantage and that qualitative edge.

Now there have been several proposals recently that I believe will eat into that qualitative edge. You mentioned one of them in your opening comments, Mr. Chairman, and that is the proposed cut which will indeed deny essential growth and further erode an already too thin support base.

Cuts in auxiliary and support would put the Air Force at the lowest manpower level since before Korea. It is no small cut in this proposal. It means a reduction of some 78,000 people from the U.S. Air Force.

And the terms we use can be misleading. The improper categorization of these people as support and auxiliary does not do justice to what they provide for our combat capability. For instance, under the category of support it includes such critical functions as combat crew training, runway maintenance, air traffic control—all of them absolutely essential to combat operations.

Under the auxiliary forces, such things are included as intelligence-gathering and intelligence analysis, satellite ground stations and command and control links essential to our command and control. The cut also puts at risk recent cost-saving initiatives in acquisition and logistics management, where only people can do those things, and we were sadly lacking.

It is false, economy, I believe. Indeed, short-term gains will be long-term losses. We may lose key people programs, such as family support centers, we have worked so hard to get, and we have found are so absolutely essential.

We find also we may lose a surge capability for mobilization. It may not exist because our people are working near wartime levels in peacetime. There will be a negative impact on people and quality of life, long hours. Pressures will indeed have an impact of a great amount on retention.

Now our country's airmen are committed to security—security of this Nation and the allies. Now that is a personal commitment not without personal cost. Our people are asked to live anywhere, fight anywhere, often in remote locations, with lengthy family separations, long hours, lots of overtime. They forego the option to move from job to job as their peers do in private life, and there is indeed an unlimited liability called giving one's life for one's country.

They do all this while accepting an abridgement of freedoms—the abridgement of freedoms of speech, political and organizational activity, and the freedom of control over their living and working conditions. They give that up. They forego personal freedoms to protect the fullness and richness of this American way of life.

The anomaly here, I believe, sir, is that we ask young men and women at a very young age to make a commitment to their country, to give up the very things that are most dear to all Americans—and that is individual freedoms. So, it sometimes becomes difficult to do and it would be wrong to categorize them as you do others, or make comparisons improperly.

Now, in return for this special measure of self-sacrifice and commitment our military people believe that you believe in them and what they are doing, that you will take care of them, that somebody up there is looking after them and taking care of the things that they lose the ability to deal with simply because of the nature of their life—pay and benefits for a decent standard of living, adequate job resources, enough people to do the jobs, health care for their families, institutional support such as BX's and commissaries, a just retirement system to compensate for the unique nature of service.

This committee has obviously done a superb job at this. The quality of today's force is the best measure of that and, as I mentioned to you before, it has just never been better. So, we are doing something right. We have managed to slowly recover from the drastic losses, the hemorrhages of quantity and quality of the late 1970's. Experience gaps have improved dramatically. In 1981, we had key NCO shortages amounting to 8,000; now that is down to less than 800.

We have eliminated most pilot, navigator, and engineer shortages in the same period. Why? Well, I believe the reason for that is there has been a change in attitude toward military service and that is brought about by what comes out of the Congress.

The Air Force is indeed considered a great way of life now, an honorable profession, even though our mission, which is war, remains a very distasteful one to many, many Americans.

Now, as the only spokesman for these men and women and because I am new to Washington I find no personnel lobbyists anywhere in the Halls of Congress, I ask for your continued support to ease the financial burden of our members, their families, and to preserve the essential institutional security that they have had for years.

We recognize the importance of families in the Air Force. They impact on an individual's morale, his performance, and indeed the family to us is a readiness issue. It is the key, the one key factor in a career decision on our people, and our force is career-minded. For that reason I believe that we must ask you that we must pay the full cost of government-directed moves. We do not do that now.

We need funding for basic dependent mental care. We do not have that now. We need continued recognition of tax-exempt status of certain allowances. We need to provide the right number of people to operate and maintain the high tech systems and equipment that are already in the Air Force today.

The frustrations of not having enough people to do the jobs are terrible, and I guess the biggest single issue that comes up when you have a crowd of airmen together—that is, two or more—is hey, General, what is going to happen to our retirement. Retirement is the basic security issue wherever I go, whomever I talk to in a blue Air Force uniform.

Now, make no mistake of it, sir, there is no link between this issue and our people's patriotism, their loyalty. We, indeed, are concerned about national defense and there is a predictable negative impact on further cuts in retirement.

Recent cuts already mean loss of over $100,000 in lifestream earnings for those who have joined the Air Force after 1980. Our system is not lavish. The costs are not out of control. They are in line with other systems and other countries' systems. It is not, indeed, an old-age pension. Rather, it is the last institutional support that recognizes the unique sacrifice for miltiary service.

There have been significant cuts in the retirement system already, and many of our poor young airmen believe that they have already given at the office. Retirement, indeed, remains our No. 1 retention incentive.

I look forward to working with you and your staff and the committee members to do what is necessary to preserve our national security as well as the security of our people. Again, the men and women of the U.S. Air Force join me in thanking you for your support in the past and look forward to it in the future, sir.

[The prepared statement of General Cassidy follows:]

Prepared Statement of Duane H. Cassidy, Deputy Chief of Staff, Manpower and Personnel, U.S. Air Force

INTRODUCTION

Mr. Chairman and members of the subcommittee, I welcome the opportunity to discuss the most essential Air Force Manpower and Personnel issues for fiscal year 1986. Your past support has greatly assisted us in achieving a desirable state of readiness. Your continued support for this year's programs and initiatives will maintain the momentum of the recent past and continue to strengthen Air Force readiness.

People remain the key to readiness. They are the mainstay of every aspect of our operations. Without the right number and caliber of people, even our most sophisticated equipment and weapon systems can be rendered ineffective. To get the most from our equipment and systems, we must get the manpower to match.

Once the manpower resources are authorized and funded, we have to attract and retain the quantity and quality of people we need. Our ability to do this depends on factors such as the public image of military service, the state of the economy, and the quality of life of military personnel and their families. In recent years, these factors have worked in concert to generate excellent success in our recruiting and retention efforts.

The quality of our people has never been higher. We met our fiscal year 1984 recruiting goals with the highest quality and best educated enlistees in the history of this nation's armed forces. Four years ago, only 83% of our recruits had high school diplomas. In fiscal year 1984, nearly 99% were high school diploma graduates and 18 percent had 20 or more semester hours of college credit. And even more importantly, we're retaining quality people. Four years ago, only 36 percent of our first-termers chose to stay with us. In fiscal year 1984, that rate climbed to 62 percent—a 72 percent increase. Similar increases in retention have also occurred among our experienced people, with 80 percent of our second termers and 96 percent of our career personnel reenlisting. These recruiting and retention figures have improved despite the difficult conditions under which our people are asked to serve. Their service continues to require unlimited risk and the willingness at any moment to pay the ultimate price for freedom. Their chosen profession, unlike that of most of their peers, requires an oath as a condition of service. World-wide commitments require they be prepared to live and fight anywhere, plus undergo adverse and often uncomfortable living and working conditions. They are expected to face exposure to risk, long hours, frequent relocations, and involuntary family separations. They pay a very high and personal price to serve. They expect and deserve appropriate support in return—from their leaders, from the American people, and from the Congress.

Our people successes can be attributed in large measure to recent congressional support for programs essential to the preservation of basic career incentives and long-needed improvements in the quality of life of military personnel and their families. These, coupled with strong internal leadership and increased public esteem and support, have had a positive impact on our people's self-satisfaction and price in serving the country, and their desire to continue this service. They're feeling good about the Air Force and the role they're playing in the Nation's defense.

While these successes paint a rosy picture of the recent past, we still have some serious concerns about the future. We have seen sporadic peaks and valleys in our recruiting success and a decline in our retention rates in recent months. We remain concerned that, if precautionary measures are not taken, we could again experience a catastrophe similar to that experienced in the late 1970s. At that time, the Nation paid a steep price for neglecting the legitimate needs of men and women in uniform. Inflation and repeated pay caps seriously eroded pay and benefits. Morale plummeted. Experienced and talented personnel left in large numbers. Their exodus caused a breach in our mid-management and experienced ranks from which we have only recently recovered. In addition, we experienced a shortfall of almost 1,400 new recruits for the first time since the end of the draft. It can happen again.

Once again, our people face repeated pay caps while the gap between military pay and the private sector continues to widen. They again face continued threats to even the most basic of their benefits. Our number one retention incentive, the military retirement program, is under fire. The tax deduction for military homeowners' interest and taxes is in danger of being eliminated. Our people hear constant talk of continued pay caps or freezes—and all of this at a time when the competition for their services is on the rise in the private sector. These factors may again combine to produce a situation similar to the late 1970s. If we allow this to happen, young people, contemplating an Air Force career, will see not only reduced incentives, but also repeated neglect and unkept promises. They will look elsewhere for jobs, and ultimately our ability to recruit and maintain a force capable of meeting our deterrent and wartime missions would be degraded. To ensure this doesn't happen, we solicit your full support for programs and initiatives that provide the force structure and family and institutional supports to meet the unique demands of military service. Your support of these programs and initiatives will help minimize the potential for future recruiting and retention failures and enable us to build upon our recent momentum.

We are also concerned about the negative impact that long duty hours and time away from home station has on morale and retention. When we don't have 100 percent manning, our people and their families suffer. Eventually, the young troop out in the middle of nowhere has to do the job of one and a half people. It's not fair, and we must pay the cost. We need your support for a moderate increase in manpower—less than 2½ percent increase to match new capability that is scheduled to arrive on the flight line. Our people will make the most of our investment in modern force structure.

The fiscal year 1986 Manpower and Personnel portion of the Air Force budget has been developed to ensure an appropriate balance between readiness levels required to support worldwide commitments within limited resources and a sincere concern about the size of the budget deficit. Our FY 86 priorities and initiatives can be conveniently categorized into three broad areas: structuring the Total Force; people supports; and additional issues.

II. STRUCTURING THE TOTAL FORCE

This area contains programs and initiatives which directly support the Air Force's increased force size, expanded mission capability, and force modernization requirement. Due to the unique nature of the military personnel system, where the vast majority of our people enter at the lowest level and progress up through the ranks, we utilize a life-cycle approach to personnel management that begins with the right number and mix of manpower resources; proceeds to recruiting; and includes training, motivating, utilizing, and retaining our people until separation or retirement.

Total force manpower.—The Air Force remains the DOD leader in implementing a true total force. We organize, train, and equip all active component, Air Reserve Forces, and civilian personnel as a team. For FY86 we have programmed a balanced mix of manpower levels that reflects the minimum number of people necessary to field our new weapon systems and expanded mission requirements. Even with the necessary fiscal year 1986 growth, the Air Force faces a continuing shortfall. Moderate growth will enable us to recruit and train the people who can make the most of our forces. We also continue to pursue an active contracting-out program and increased efficiency through the Functional Review Program to help temper our overall growth rates. In addition, and in an effort to limit active military and strength, new and expanded missions have been added to the Air Reserve Forces.

Active component military manpower.—Active military manpower is programmed to grow 9,400 in the fiscal FY86 budget. Manpower levels result from a deliberate, engineered process of manpower requirements determination with an objective analysis of the optimum mix between active, civilian, contract, and reserve forces. The requested growth directly supports approved programs for an expanded and modernized force structure. Major reasons for the FY86 increase include (1) deployment of the B-1 bomber, modernization of tactical fighters (F-15 and F-16), airlift (C-5B), tanker aircraft (KC-10), and the ground launched cruise missile; (2) increased readiness initiatives such as chemical-biological defense and medical support; (3) improved communications and intelligence activities; and (4) training to enhance mission effectiveness. Consequently, the moderate increase in requirements (less than 2 percent) is critical to reaching the full potential of previously approved modernization, expansion, improved force readiness, and specific programs that provide the military capability necessary to contend with world crisis situations. The FY86 President's budget supports these validated requirements.

Air Reserve Forces.—The Air Reserve Forces contribute significantly to our overall readiness capability and have assumed an increasing share of Total Force responsibilities. Since the Total Force policy began in 1973, the size of our Reserve Forces has increased 35 percent while the size of the Active Force has decreased 12 percent.

For fiscal year 1986, Reserve Forces are programmed to increase by 5,800 as a result of expanded missions. Furthermore, during the next 5 years, reserve manpower is projected to grow at more than twice the rate of the active force. Air Reserve Forces will gain two C-141B squadrons to support strategic airlift in FY86. We project a transfer of forty-four C-5 and C-141s to them by 1990.

As we continue to examine missions to determine what can be transferred or enhanced, many factors must be considered to insure that the Air Force can meet its requirements in both peace and war. The present mix is a result of indepth analyses based primarily on force and cost effectiveness. In addition to these two factors, we must look at activity rates, readiness requirements, sustainment needs, minimum force levels, and unit beddown considerations. Any future active to reserve transfers must also receive the same comprehensive analyses to ensure we retain maximum deterrent combat capability.

Civilian manpower.—Just as Air Reserve Forces are an integral part of our Total Force, so are civilians. In fiscal year 1986, the Air Force requests a civilian manpower increase of 10,300. These additional authorizations support new weapon systems, increased flying hours, and improved inventory control and logistics support for new systems. As a result of increasing missions in the Reserve Forces, the growth includes 1,200 civilians to serve as Air Reserve technicans. Our continuing evaluation of the best mix of manpower resources has also contributed to civilian growth. We have converted military positions in non-military essential skills to civilians. These conversions, offset by reductions for contract services and improved efficiency, contribute 3,100 to the civilian growth. Currently, because of a congressionally directed ceiling waiver, civilian employment is not constrained by end strength during fiscal year 1985. We are confident that this "test" will prove our capability to prudently manage the civilian workforce and allow us to illustrate the benefits of permanently eliminating civilian ceilings which we believe are counter-productive.

Contracting of commercial activities.—The Air Force considers contracting-out a viable and efficient means of accomplishing certain workloads when used consistent with national defense requirements. As a result, the Air Force inventory of contracted commercial activities covers approximately 78,000 contract manyears or about 24 percent of the civilian workload. Since 1981 we have studied 7,200 spaces of which over 5,300 were contracted or reduced as a result of cost comparisons. We anticipate studying an additional 13,000 and support a contracting-out program in which each activity is critically examined according to its wartime role before certifying it as eligible for contract. We also support contracting-out that delegates to the services the authority to determine what is required in-house to maintain readiness and respond to wartime tasking, and what can be contracted out.

Productivity initiatives.—The Air Force is actively pursuing a major initiative, through its Management Engineering Program, to accomplish functional reviews of in-house activities. A concerted effort is being made to increase productivity and reduce operating costs by eliminating unnecessary and inefficient work practices. Virtually every Air Force function will be analyzed to increase operating efficiency without decreasing effectiveness. To gain efficiencies, prime emphasis is being placed on enhancing operations through streamlined procedures and state-of-the-art equipment. Further, during the review process, wartime taskings are being studied to insure that peacetime economies are not achieved at the expense of war fighting capability. This effort is complemented by an aggressive productivity enhancing capital investment program. Since 1977, capital investments have offset a potential growth of over 4,000 manpower spaces, and the average return on investment is now 13 to 1 in terms of dollar savings and cost avoidance.

Recruiting.—In fiscal year 1986, we need 14 percent more enlisted recruits than in fiscal year 1984. The high unemployment which contributed to our recruiting success in the early 80's appears over and recent economic improvements have resulted in increased competition from the private sector for people with technical aptitudes. To meet this challenge we request continued congressional support for adequate recruiting resources.

The backbone of our recruiting success has been and will continue to be the all-volunteer recruiting force. The record of Air Force recruiters speaks for itself, particularly in the areas of cost-effectiveness and productivity. Our cost per recruit is about 44 percent below the DOD average, and recruiter productivity is more than 50 percent greater than the DOD average. We believe the increase in Special Duty Assignment Pay to a maximum of $275.00 in the fiscal year 1985 Authorization Act was a positive and much needed initiative that will help maintain this success.

Our fiscal year 1986 recruiting goals include 69,800 enlisted personnel and 4,625 officers. We urge Congress to preserve our gains of the last 4 years by approving our recruiting resource request for only 3.5 percent program growth in support of a 4.1 percent increase in workload over fiscal year 1985.

Enlisted recruiting.—The Air Force achieved its fiscal year 1984 enlisted recruiting objective of 60,000 Non-Prior Service (NPS) and 1,000 Prior Service (PS) enlistees. The fiscal year 1986 objectives are 65,000 NPS and 4,800 PS accessions. The Prior Service objective continues to be for fully qualified critical skill personnel and is an increase of 2,800 over fiscal year 1985 levels (Figure 1).

FIGURE 1.—ENLISTED RECRUITING OBJECTIVES

Program	Fiscal year 1984	Fiscal year 1985	Fiscal year 1986
Non-prior service	60,000	65,000	65,000
Prior service	1,000	2,000	4,800

Enlistment Bonus (EB) Program.—A recruiting tool that has been used sparingly, but effectively, in helping meet our objectives in difficult to recruit skills is the Enlistment Bonus (EB). We currently offer the EB in only two skills: crypto-linguist and explosive ordnance disposal. Those enlistees receiving the EB must serve a six year enlistment, versus the normal four, plus complete technical training prior to receipt of the bonus. We believe our judicious use of the program is well documented and fully justifies its continued use on a selective basis. Our fiscal year 1986 budget requests one additional skill—engineering assistant—because we continue to experience a shortfall in this skill.

Officer recruiting.—Our fiscal year 1986 officer recruiting objective is 4,625. While this objective is slightly less than fiscal year 1985 (Figure 2), we remain concerned about our ability to meet this requirement, particularly in the medical area.

FIGURE 2.—OFFICER RECRUITING OBJECTIVES

Program	Fiscal year—		
	1984	1985	1986
Officer training school	3,324	3,728	3,045
Medical	1,162	1,602	1,580

Overall, we believe we'll meet our fiscal year 1986 objectives assuming we are provided the recruiting resources necessary to allow us to remain competitive with the private sector, academia, and the other services.

Women in the Air Force.—The Air Force has led all services in providing military opportunities for women and we have the highest representation of women. All officer career fields, and all but four enlisted specialties, are open to women (some specific positions which are combat-related within otherwise open career fields and specialties are excluded). At the end of fiscal year 1984, women comprised 11.2% of the total active force.

In addition. the Air Force has convened a special study group to review the way it recruits and utilizes women. The results of the study will be made available in the near future. During the course of the study, two previously restricted career fields were opened to women. On 1 January 1985, the Secretary of the Air Force opened approximately 26,000 jobs in the security specialist career field. Then, in early February the Commander in Chief of the Strategic Air Command announced the opening of Minuteman missile launch crews to women. The first all women crews are expected to be in place by the spring of 1986.

We remain committed to affording women full career opportunities within statutory limitations. We do not, however, support the arbitrary establishment of female accession levels by Congress. We believe the authority for establishing recruiting policies and procedures should remain with the Secretary of the Air Force within current statutory guidelines since he has the ultimate responsibility for accomplishment of the Air Force mission.

Enlisted retention.—Reenlistment rates peaked in fiscal year 1983 and started to decline in fiscal year 1984 (Figure 3). The most noticeable change was a 3.7 percentage point drop in first term reenlistment.

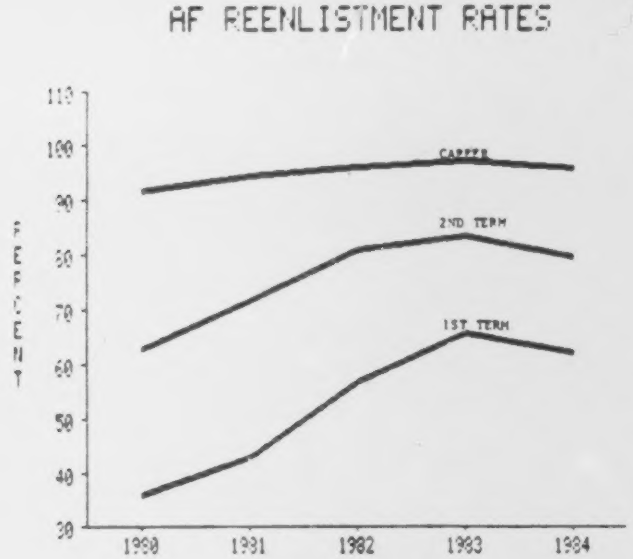


FIGURE 3

We anticipate that these rates will continue to decline through fiscal year 1986. In addition, although overall enlisted manning is at authorized levels, we continue to experience mid-level NCO shortages in some combat-related skills such as intelligence, avionics and aircraft maintenance. Several strong management initiatives have helped reduce these shortages from their high in fiscal year 1981. Specifically, these actions have included (1) Selective Reenlistment Bonuses (SRB), (2) increased promotion opportunity in the chronically short skills, (3) recruiting fully qualified prior service Air Force members, and (4) retaining certain high quality NCOs beyond their normal mandatory retirement point. Of these initiatives, the most effective has been the SRB.

Selective Reenlistment Bonus (SRB) Program.—The Air Force has been a judicious steward of SRB resources. Bonuses are paid for only those critical skills that have shortages and insufficient reenlistments. Headquarters, USAF, reviews the SRBs at least twice a year to determine if a skill needs to be added, retained or deleted. Currently, 93 of a possible 236 skills receive the SRB. We request full congressional funding of the fiscal year 1986 SRB program.

Officer retention.—Increased officer losses caused retention to decline slightly in fiscal year 1984. The pilot cumulative continuation rate decreased from 78 percent in fiscal year 1983 to 72 percent in fiscal year 1984. This trend is expected to continue in fiscal year 1985 and fiscal year 1986. Factors contributing to the retention downturn include improved private sector employment opportunities, a widening pay comparability gap, threats to the military retirement system, and the tax deduction for military homeowners' interest and taxes. We are closely monitoring the increase in pilot losses. Over the past few years, high retention has enabled the Air Force to eliminate large pilot shortages (1,302 in fiscal year 1979) despite an increasing pilot requirement. The pilot inventory and requirement are currently in aggregate balance, but the situation is delicate and above average retention will be required to prevent shortages from reappearing. A factor influencing retention is Aviation Career Incentive Pay.

Aviation career incentive pay.—ACIP was established by the Aviation Career Incentive Act (ACIA) of 1974. It provides an incentive for members to complete a full aviation career by meeting statutory requirements for flying ("gates"). As a career incentive, ACIP continues while rated officers are in non-flying jobs, insuring a ready resource of experienced aviators if needed for combat, and providing valuable operational flying expertise in key staff management positions.

Preserving ACIP is vital, especially since the competition from the private sector for pilots is increasing. More jobs are available due to the economic recovery; and, in particular, airline hiring has increased dramtically over the past 2 years (over 7,000 new pilot hires since start of fiscal year 1983). Almost any Air Force pilot wanting a civilian aviation career can find a job, and this situation will probably continue beyond fiscal year 1985

The outlook for retention of pilots, where weighted training costs average $750K, is not bleak if we learn from past experience. For example, in 1973 Congress terminated flight pay for 0-6s not in flying billets. The result was an immediate increase in voluntary retirements by senior people and a dramatic increase in voluntary separation requests from junior aviators. This reaction led to an indepth congressional examination of aviator retention alternatives, and passage of the ACIA. The lesson is clear—reductions in career incentive pay reverberate throughout the entire flying force. In 1979 the Air Force experienced a severe pilot loss but was able to absorb the loss due to the large pool of pilots left from the Vietnam era. Today that reserve of pilots does not exist. Current retention is extremely fragile and any large losses would result in the Air Force being unable to meet its requirements. Although pilot production increases could offset the losses numerically, the length of time needed to season these new pilots would result in an overall decline in the experience level of the force. This loss of experience translates into degraded combat capability and decreased flying safety. Overall, ACIP is a very cost effective program. Preventing the loss of 190 pilots will offset the entire fiscal year 1986 ACIP Budget of $141.7M. The aviation career concept embodied in ACIP provides a predictable, continuous entitlement that has proven essential to rated force management objectives.

III. PEOPLE SUPPORTS

These programs are intended to ensure adequate compensation and an adequate quality of life for our people and their families. They are essential to sustain retention rates and necessary experience levels within the career force over the long haul. The programs fall into two areas:

a. Families.
b. Security.

a. Families

Family support centers.—Military families contribute to readiness and the national defense in many positive ways. For most Air Force people, the family affects morale and job performance and plays the dominant role in their decision to remain on active duty. Therefore, it's essential we continue to meet family needs. To help fulfill that responsibility we are establishing Family Support Centers (FSCs) at all major bases. Analysis of the initial three year test program of current FSCs supports our contention that they have a positive impact on the military communities they serve. Field commanders say FSCs are of particular value in helping them handle tough, time-consuming family-related issues and are beginning to eliminate some long-term, recurring problems. In FY86 we will have 50 FSCs in various stages of development, with full implementation at all major bases (123) expected by FY89. We strongly urge continued congressional support for this program.

Permanent change of station (PCS) reimbursement.—The lack of adequate PCS reimbursement is one of the most critical personnel issues facing the Air Force today. The worldwide nature of our mission necessitates thousands of PCS moves each year. The Air Force is keenly aware of the drain on resources and family upheaval caused by these moves and continues to look for ways to increase PCS stability and reduce costs for both the government and our people. Since 1974, the number of PCS moves has been reduced by half, and average time on station has increased more than 100 percent. Despite these efforts, PCS costs have increased more than 50 percent. This increased cost of moving directly affects our people and their families. A 1984 survey showed that, exclusive of home ownership costs, for every $4 our members spend on a PCS move, only $1 is reimbursed by the government. This translates to median unreimbursed expenses ranging from approximately $1,400 to over $2,700 depending on grade. Consequently, over half of our members have to borrow or withdraw money from their savings in order to meet their PCS expenses. To an E-5, a $1,800 out-of-pocket PCS expense represents a loss of equivalent to 33 months of the January 1985 pay raise.

PCS relocations are a common occurrence in military life. The average first termer relocates twice; career military seven to eight times. Adequate compensation for PCS moves must be recognized as a cost of doing business. To reduce this financial burden on our people and their families, we propose funding for the following PCS improvements:

Enhanced household weight allowances ranging from 5,000 to 18,000 pounds, depending on grade;

Dependent travel entitlements (mileage allowances and "with dependent" rate dislocation allowances) for CONUS junior enlisted (E-4 and below with less than 2 years of service);

CONUS 4-day temporary lodging expense, not to exceed $110 per day.

A 3.5¢ mileage allowance for infant dependents under 2 years of age.

PCS reimbursement is an area in need of immediate improvement. We urge the Congress to fund these programs in FY86.

Dependent dental care.—Dental care is essential to the health and well-being of Air Force dependents. Space-available dental care, as contained in the fiscal year 1985 DOD Authorization Act, is a step in the right direction. However, it cannot fully satisfy our dependent needs by itself. Private sector dental care has significantly outpaced military dental care over the past 15 years and is projected to do so for the foreseeable future.

A voluntary cost-sharing dental insurance plan is our number one health care initiative. A recent DOD health survey found that 90% of the members questioned listed dental benefits as their top priority in improving medical benefits. It is a necessary program which would provide dental care on a basis consistent with long-term trends in the private sector.

As a minimum, we need a program that will cover preventive, diagnostic, emergency, and basic restorative services. We support the proposed DOD dental insurance plan which would result in a 60/40 government/member sharing of costs. Government cost for FY86 is estimated to be $105M; Air Force share is $35M. If started on 1 April 1986, our initial outlay would be $15-17M. Member cost will be a maximum $10/month family premium, as well as a 20 percent copayment for basic restorative work (e.g. fillings, crowns).

This dental plan is part of the OSD CHAMPUS Omnibus Proposal designed to increase benefits while reducing overall costs. By supporting this legislation as a total program, we will make significant strides towards providing appropriate care for our people. Since dental care is an issue that's repeatedly mentioned as a significant need by our people during senior leadership visits to bases, we believe this low-cost initiative would pay big dividends in terms of recruitment and retention.

IRS Ruling 83-3.—The Internal Revenue Service (IRS) has indicated that Revenue Ruling 83-3, which disallows deductions for mortgage interest and real estate taxes to the extent such expenses are paid from a tax-free allowance, may be implemented against military homeowners. Such a ruling would have a devastating financial impact on military homeowners. More than 290,000 of them would incur an additional tax liability of approximately $1,000-$5,000 annually—the equivalent of a three to five-percent pay cut in the grades most affected: the career force of E-5s through O-5s. Further, Ruling 83-3 ignores the fact that the tax-exempt status of military allowances is an integral part of the military compensation system and has been accounted for in establishing pay levels since 1965. The Air Force strongly opposes the IRS ruling and supports legislation to preclude implementation against military homeowners.

Rent-plus housing allowance (RPHA) system in Alaska and Hawaii.—The Air Force urges preservation of the RPHA system in Alaska and Hawaii rather than implementation of the Variable Housing Allowance (VHA) system. There are five compelling factors which support retention of rent plus. First, currently, two-thirds of those individuals receiving rent plus in Hawaii are in the grades of E-6 and below. One-third of these are paying rent higher than the current rent plus ceiling. These lower grades cannot afford higher housing costs. Second, the ability to find lower cost housing is limited by geographical and climatic conditions. Private sector housing considerations in Alaska and Hawaii (i.e., tundra and water) do not permit the commuting distance/housing cost trade off that is applicable in CONUS. In Hawaii, development money continues to favor the resort and condo market-not monthly rentals. Third, lower pay-grade VHA rates would disqualify nearly all servicemembers from the very expensive homeownership market (average prices in Alaska and Hawaii are $125,000). This would exacerbate the already oversaturated rental market situation (Hawaii has lowest rental vacancy rate in the nation—one percent) and drive up rental costs since more people would enter the rental market. Fourth, VHA is not flexible enough to deal with "unique" housing market, particularly in Hawaii, where six month rental leases are the norm rather than the exception. Rent plus can better accommodate rapidly increasing rents. Finally, elimination rent plus will likely reduce the number of volunteers for Alaska and Hawaii (to avoid financial hardships) and result in more unaccompanied tours when the Services are trying to reduce PCS moves. This added personnel turbulence would increase training costs, reduce experience levels, and impact on readiness.

Retention of rent plus in Alaska and Hawaii will enable our people to find affordable housing in these constrained, high cost housing areas, and, more importantly, it will allow servicemembers to maintain a reasonable standard of living.

b. Security

Pay comparability.—The Nation has an obligation to provide military members with a standard of living of comparable to that afforded other Americans and commensurate with the unique demands of military service. The near disastrous recruiting and retention experience of the late 1970's serves as a constant reminder of the potential impact when military pay consistently lags behind private sector wages. Today, we cannot afford the significant losses of mid-career and senior NCOs and mid-career officers which we encountered in the 1970's.

While pay comparability was essentially restored in 1982, three consecutive pay caps of 4 percent have resulted in a fiscal year 1985 pay gap between military and private sector wages of approximately 10 percent as measured by the Professional, Administrative, Technical, and Clerical Workers Survey or 7 percent as measured by the Employment Cost Index. Regardless of the adjustment mechanism used, the pay gap has grown substantially in recent years. Even with a 3 percent pay raise on 1 July 1985, we will only maintain the status quo with regard to inflation and make no headway in reducing the comparability gap. In fact, the projected 5.6 percent private sector wage growth for fiscal year 1985 will further widen the gap.

As the economy continues to improve and military pay remains capped below comparatible sector pay, we will likely see our people being drawn to higher paying jobs in the private sector. We are concerned that if the pay comparability gap is not reduced, the Air Force will not be able to absorb the impact without degradation to our readiness. The Air Force strongly supports a 3 percent pay raise on 1 July 1985 and a phased approach to eliminating the private sector pay gap at the earliest possible time.

Retirement.—Today's Air Force relies on having the right numbers of well trained and experienced people to operate and maintain our sophisticated weapons systems. High retention of these people, induced by a strong security package, is the foundation for substaining this experience base. For military members, long-term security is provided by the retirement system. We know the retirement system is the most important retention incentive we have. The Air Force's statistics shows that 80 percent of those who have reenlisted and entered the career force will serve until retirement. The financial security afforded by the military retirement system enables the Air Force to keep experienced mid-level NCOs and officers at a time when their earning power in the private sector may be considerably higher than what we will pay them. In return for their commitment and long service, our people understandably expect their retirement system will remain intact. They view it as an entitlement—justifiably earned—a contract guaranteeing a modicum of financial security when their military careers have ended.

Our members must be prepared to live anywhere, fight anywhere, and maintain high morale and combat efficiency under frequently adverse and uncomfortable conditions. They are asked to undergo frequent exposure to risk, long hours, periodic relocations and family separations. They accept abridgement of freedom of speech, political and organizational activity, and control over living and working conditions. These are all part of the very personal price our military people pay. For them, the retirement system is the "light at the end of the tunnel". It is fair, but certainly not lavish. It is not out of line with foreign military or private sector systems covering paramilitary employees such as police and firefighters. Seventy-five percent of retirees are enlisted. Our retirees don't draw half pay for life as many people believe. After 20 years, they may retire at 50 percent of basic pay which equates to about 35 percent of their paycheck.

The military retirement system has served the unique requirements of the military well. The system will continue to do so as long as it remains stable, provides our people and their families the entitlement they have earned, and fulfills the commitment made to them in return for the many sacrifices they selflessly make for our country. Preserving the strength of the military retirement system is vital if we are to maintain military forces capable of meeting our defense responsibility.

IV. ADDITIONAL ISSUES

European troop strength.—The European troop ceiling continues to complicate the execution of national strategy. Since FY83 Congress has imposed constraints on the level of military manpower in Europe because of the perceived reluctance of NATO allies to adequately fund conventional defense capability. We believe the focus must be on the force requirements—that programmed growth is tied to countering a growing Soviet and Warsaw Pact conventional capability. The size and composition of U.S. forces in Europe is designed to assist our allies in meeting three vital objectives: preservation of NATO's political integrity; deterrence of aggression; and defeat of any attack on NATO. These objectives require force modernization and new programs such as the ground launched cruise missile.

We have made many trade-offs to maintain mission capability and remain below manpower ceilings. To meet fiscal year 1983 ceilings, we undermanned selected units rather than lose existing theater capability. This resulted in a loss of readiness. To comply with the FY84 ceiling, we returned two OV-10 squadrons to the CONUS, transferred a RED HORSE squadron to the ANG, cut programs such as bare base procurement, NATO pre-positioning, comunications and tactical air control capability, and undermanned units throughout the theater. To complete programs which USCINCEUR (the theater commander) has identified as "critical", lower priority theater assets must be sacrificed and conventional capability decreased if ceilings persist. We solicit congressional support for the immediate elimination of arbitrary constraints on U.S. military manpower in Europe.

General officer grade relief.—Congress has steadily reduced the number of flag and general officers since 1968, to the point that there are now fewer officers of flag rank than at any time since 1952. These reductions have severely constrained effective management of senior leadership positions. The most recent reduction, in October 1981, reduced the total from 1,119 to 1,073. As a result, DOD developed a Comprehensive Flag and General Officer Management Proposal (DOD 98-62) that was initially submitted to Congress in March 1982. To date, Congress has not acted on this legislation. As an interim measure, the Air Force requests the general officer strength ceiling be restored to the FY81 level of 1,119. In the event relief is not forthcoming, we again ask Congress to extend or make permanent the exemption granted in the fiscal year 1984 and fiscal year 1985 Authorization bills, allowing us to assign a four-star general as commander of one of our major overseas combatant commands.

Civilian personnel management.—Civilian employees compose a large and important segment of the Total Force. Their contributions improve readiness and mission accomplishment on a daily basis. While the Air Force supports the administration's position on civilian pay and benefits, we are committed to keeping our civilian members full partners in the Total Force.

Civilian personnel management faces many of the same challenges as the military. In particular, attracting and retaining high quality people is both a necessity and an area of concern. The Air Force will be competing in a very difficult market as we continue to convert military positions to civilian and hire more civilians to monitor our spares acquisition process. Further, once we attract these technically oriented employees, we must ensure our personnel system responds to their needs for recognition, advancement, and security.

Funded dependent student travel.—Public Law 98-94 authorized an annual government-paid round trip for student dependents of members assigned overseas from the United States to the member's overseas duty station. Unfortunately, it excluded members stationed in Alaska and Hawaii from participating in the funded program. Since space-available travel on government-controlled aircraft is severely limited during holiday and summer months, these people continue to incur substantial costs for commerical transportation of their student dependents. This is extremely unfortunate because many overseas members are trapped by circumstances beyond their control. For instance, many of their dependents were already in college before their assignment to Alaska or Hawaii. It is often impractical, due to loss of college credits or financial aid (e.g., athletic scholarships, state grants, etc.), to transfer to an Alaskan or Hawaiian college. Hawaiian schools limit non-resident admissions to 20 percent of total enrollment. Finally, schools in Alaska and Hawaii do not offer the variety of academic majors offered in CONUS schools (e.g., aerospace engineering, dentistry, industrial engineering, special education, nutrition, etc.). Expansion of the funded student dependent travel program to Alaska and Hawaii would enable our people to avoid these problems and the financial burden of round trip transportation for dependents' annual family visits.

Privately owned vehicle (POV) storage.—There are circumstances beyond the control of Air Force people transferred to certain overseas locations (over 20,000 people in Japan, Korea, and Saudi Arabia) which restrict the transportation of a motor vehicle. When receiving orders which preclude shipment, our people are faced with the following options: selling the vehicle, storing it at personal expense, or leaving it with family or friends.

Since the member is moving to an overseas location at government direction, costs of POV storage should be borne by the government and considered as a direct cost of doing business in the same manner that household goods storage costs are paid when they are restricted from shipment. The Air Force supports legislation that will provide storage of a member's POV at government expense in lieu of shipment.

Locality-based flat rate per diem.—The reimbursement system for official travel is computed using one of two methods of payment, reimbursement of actual expenses or per diem. The actual expense method requires itemized expenses and extensive record-keeping which can be confusing due to the myriad rules and limitations on lodging and meal costs. Its use increases administrative costs significantly and results in a program which is cumbersome and difficult to understand.

The Air Force supports a locality-based flat rate per diem system which would (1) recognize the variance of lodging, meals, and related expenses in different areas and (2) simplify administrative procedures by eliminating requirements for lodging receipts and actual expense forms.

Survivor benefit plan (SBP).—In 1972, the SBP was established to replace the Retired Servicemen's Family Protection Plan. Although the SBP is an improvement over the previous plan, participation has never approached the congressionally desired level of 75 percent. The three major reasons cited for lack of participation are cost, integration with Social Security benefits, and irrevocability of election. In order to make the SBP more attractive to retirees, the Air Force supports the following changes (1) reduce future premiums by indexing the $300 amount to retired pay COLA, e.g., retired pay COLA of 5 percent would raise SBP base to $315, (2) make the amount of social security offset 50 percent of the Social Security benefit or 40% of the SBP annuity whichever is less, (3) allow a two year grace period after retirement to elect or decline coverage, and (4) suspend payments upon request for participants who marry another person already entitled to an SBP annuity. We believe these changes will significantly enhance SBP and increase participation from its current 54 percent level.

Drug/alcohol abuse control program.—The objectives of the Drug/Alcohol Abuse Program are to prevent substance abuse, rehabilitate and discipline identified abusers, and discharge those who cannot or will not be rehabilitated. The Air Force continues to work to reduce the adverse effects of drug and alcohol abuse on our military, civilian, and family members and to insure they have a drug-free environment in which to work and live. We have improved our policies and management practices by clearly stating standards of conduct. We have also employed new approaches in our information and education programs. For example, an eight hour Senior Officer/Senior Non-Commissioned Officer Alcohol Orientation permits selected personnel to visit either an Air Force or civilian inpatient alcoholism rehabilitation facility to observe available services. A Driving While Intoxicated Initiatives Task Force coordinates and monitors all efforts to reduce both drunk and/or drugged driving. New lesson plans have been developed for classroom instruction to improve our ability to communicate the hazards of substance abuse, identify the availability of rehabilitation services, and explain the legal and career consequences of substance abuse.

The Air Force will continue to emphasize alcohol and drug abuse deterrence and take responsive rehabilitation/disciplinary action in order to get our people back to duty or, if necessary, discharged.

CONCLUSION

In conclusion, Mr. Chairman and members of the committee, we have addressed requirements that will achieve a fiscally responsible force, capable of meeting Air Force worldwide commitments. We are concerned about the impact a robust and healthy economy, characterized by lower unemployment rates, improved job stability, comprehensive benefits in the private sector, and increased demand for high technology skills will have on our ability to recruit and retain high quality people. As we look to FY 86 and beyond, we once again seek your continued support for our programs and initiatives to help counter these factors. Your support will continue the momentum of the past four years and insure our readiness.

Senator Wilson. Thank you, General Cassidy.

Finally, we will hear from Lt. Gen. W.R. Maloney, Deputy Chief of Staff for Manpower of the U.S. Marine Corps.

General?

STATEMENT OF LT. GEN. W.R. MALONEY, DEPUTY CHIEF OF STAFF FOR MANPOWER, U.S. MARINE CORPS

General Maloney. Thank you, Mr. Chairman, for allowing me to appear again before the subcommittee this year to present the Marine Corps' fiscal year 1986 manpower requirements. In recognition of the importance of your time, I will summarize my full statement, which has been provided for insertion in the record.

This year the Marine Corps is requesting conservative end strength increases of 1,200 in Active duty, 1,262 in Reserve, and 403 in civilian strength, increases which maximize the capabilities of each of these interrelated parts of our total force. These modest increases are essential to continue the modernization plan established and announced several years ago.

As I am sure you will recall, in the early 1980's we announced a plan of deliberate, steady growth in the Marine Corps structure designed to build a more modern active duty peacetime force by fiscal year 1988, with corresponding increases planned in end strength to man that new structure. Of the 11,000 strength increase between fiscal years 1981 and 1986, 10,000 has been directly distributed to combat units. Additionally, with the exception of our women marines, all marines are trained and prepared to function as fighters.

This year, because of fiscal constraints, the Corps has deferred and planned Active duty end strength growth to 201,700, asking only for a growth to reach 199,500 originally requested in fiscal year 1985. Despite this self-imposed constraint, we are continuing to accept the 3,800 new structure requirements planned for fiscal year 1986, as much of this requirement is tied to equipment already in the procurement pipeline. This decision will result in lower manning of the force, a situation made acceptable only because of the level of quality we have been able to recruit and retain in the Marine Corps.

The Marine Corps today is the most combat-ready force to have carried the name. It is a force composed of educated, patriotic officers and enlisted marines. A force believed impossible to achieve just a few years ago. We have satisfied requirements in fiscal year 1984 with the highest quality marines ever recruited or commissioned, meeting each recruiting goal while continuing to raise standards to meet new, challenging needs.

This success has enabled our field commanders to devote all of their time and energies on missions and needs of the total force instead of problem cases, which took so much of the commanders' attention a decade ago. Readiness throughout the Marine Corps is up. Our success can be measured in increased quality of marines recruited and retained.

This success is due in no small measure to your efforts. Congressional support for the selective reenlistment bonus and enlisted bonus program are but examples of continuing and essential support so vital to attracting and retaining the right marines. This support has been supplemented by effective management, which shows daily improvement as we strive to better use this essential resource of manpower.

Our success in force management is evident in many areas, such as improved stability and reduced turbulence made possible through utilization of the unit deployment program, conversion of unaccompanied WESTPAC tours, and adoption of a soundlevel load accession plan. It can be clearly seen in improved mobilization capabilities, with continued concentrated total force participation in our exercises. Progress can also be fully documented with marked reduction of acknowledged drug and alcohol abuse within the Marine Corps.

Our plan for fiscal year 1986 primarily builds on the successes achieved last year, attempting to refine programs to maintain the high level of readiness with proportionately fewer people to man ever-increasing requirements. Your continued help is essential so that we can do our job.

In addition to support of our fiscal year 1986 budget, your assistance is being sought in separate legislation for DOPMA grade relief and increased general officer authorizations in order to meet legitimate internal and external commitments.

Through war and peace, the Marine Corps has never reduced the officer-enlisted ratio from one-to-nine since 1799, although it has been adjusted during some enlistment intensive periods of conflict. The medical, supply, and research support provided by the Navy has certainly helped us to do with less officers. But our ratio has been a deliberate decision which we have maintained, despite a reduction in our flexibility to fully support the national commitment in the joint arena and the denial of some logical war planning support, a primary peacetime focus. Nevertheless, we plan to continue to accept these shortfalls, absorbing costs of DOPMA relief from within the authorized officer strength. The request for additional officers is conservative and logical.

Today, we proportionately have fewer general officers than at any time since 1970. Although prior to that we had varied between 60 and 70 authorization and risen as high as 79, today, in our complex planning environment, we are authorized only 65 general officer positions. Our requested increase is warranted and historically consistent.

In addition to assistance for leadership efficiency, we would solicit your continued support for a consistent quality of life and institutional support for the military family, our silent partners, both those and their families currently serving, and those who have fulfilled their commitment and now stand as a major pretrained mobilization asset, our retirees.

Our ready Marine Corps today is not an accident but a product of long-term planning, support, and leadership which we can jointly be proud. Your continued support is both needed and requested to maintain that positive momentum.

That concludes my comments, Mr. Chairman. I will be pleased to respond to any questions.

[The prepared statement of General Maloney follows:]

Prepared Statement of Gen. William R. Maloney, U.S. Marine Corps, Deputy Chief of Staff for Manpower

Mr. Chairman, distinguished members of the subcommittee: It is a privilege for me to again appear before you, this time to present the fiscal year 1986 request for Marine Corps manpower. Our collective efforts to define, approve, and execute manpower requirements will, in large measure, determine the readiness of the Corps this next year and in the future. For fiscal year 1986 we are requesting an active duty military end strength increased of 1,200; Reserve increase of 1,262; and civilian increase of 403. These modest additions are needed to support current and new requirements in our force. My statement will focus on the state of our current force both as it relates to peacetime and wartime capabilities; underlying concepts and programs that direct and guide this force; expected progress and needs in fiscal year 1986; and support areas which still require attention. The Marine Corps continues to pride itself in planning for and providing the right force, both in quality and quantity, to meet our unique missions and responsibilities. Our plans for fiscal year 1986 primarily build on the success achieved last year, attempting to refine programs to maintain the high levels of readiness with proportionally fewer people to man ever increasing requirements.

TOTAL FORCE

Concept

The Marine Corps is committed to a total force concept that stresses a responsive, fiscally responsible, active and reserve force mix. Within these bounds, decisions are made through a deliberate process that crosses many staff lines. This practice ensures that the essential criteria of peacetime commitment, force projection, responsiveness, manpower constraints, and rotation base are considered in assigning a function to the proper active or reserve community.

We constantly review our missions, structure, and manning, making appropriate changes consistent with our role as the nation's Force-in-Readness. These reviews serve as the basis for force structure decisions reflected in our annual budget. During program development, we attempt to restructure limited active and reserve component assets to provide for modernization, compatibility of elements, and maximum readiness. Our program complies with the statutory mandate for an active Marine Corps consisting of not less than three divisions, three aircraft wings, and appropriate support. The law thus provides a great deal of latitude for internal realignment, the flexibility needed to meet DOD guidance and the means to adjust to resource limitations. The active elements in the Marine Corps are organized into three Marine Amphibious Forces and support establishments. The structure of the active components, along with our Reserve Division/Wing/Force Service Support Group team, constitute the peacetime Marine Corps.

Our reserves participate in the total force decision-making process as full partners, whether developing war plans or conducting daily general business to ascertain equipment, mission, and structure distribution. Only through this close liaison can we ensure that both the active and reserve components maintain the constant state of readiness needed to rapidly expand combat forces during a national emergency.

Active force requirements

The Marine Corps has been following a long-term, well-announced, conservative, and deliberate pattern of growth in both active force structure requirements and manning to support essential modernization efforts. For the most part, manning is scheduled to support new equipment and systems already in the procurement pipeline. The structure increase planned for fiscal year 1986 supports addition of antitank (TOW) platoons and a Light Armored Vehicle (LAV) battalion, continued reorganization and equipping of artillery units, and transition to more modern aircraft.

Although structure growth, equipment, procurement, and systems acquisition continue as previously scheduled, planned growth in manning has been slowed as a result of fiscal constraints. The result has been reduced manning of legitimate structure requirements. Our authorized fiscal year 1985 end strength of 198,300 only provides manning for 89.4 percent of the Fleet Marine Forces (FMF). This level will drop in fiscal year 1986 to 88.9 percent despite a requested end strength increase to 199,500, as the amount of structure added exceeds the manning to support it. We would like to request greater growth in fiscal year 1986 to improve manning and readiness in the FMF. However, in recognition of current fiscal concerns we have limited our request to the end strength initially requested for fiscal year 1985.

Active duty manning

The Corps continues to benefit from the growing national pride in the United States. We have been very successful in finding and retaining that quality patriot needed to fill our authorized manning level. In fact, in fiscal year 1984 we remained within two percent of the planned level of manning throughout the year. Even that deviation was not caused by accession failure, but by higher losses than planned in some attrition and separation categories which countered retention success in other areas. Funds saved through this lower manning, albeit small, were used to offset increased costs of manpower, specifically in dependency and quality of the force.

Last year, we experienced an unforecasted growth in both the percent of married Marines and in quality of the force. The increase in marriages caused a greater need for support funds than budgeted. In order to better assess future needs we have initiated a study to evaluate these changing trends in the area of dependency. Another important costing change this last year emanated from the unexpected side effects of improving quality of Marines entering the Corps today. This latter change is difficult to quantify, but does have direct monetary impacts in areas such as fines, longevity, grade growth, and fewer early separations. While decidedly a positive change for force commanders, improved quality does expand costs in our already fiscally constrained budget.

Over the past few years, the computer has become a real boon in assisting us to manage our limited manpower assets. Sophisticated models have been developed to aid in force management and individual planning. These models have proven invaluable in delicate and often time-sensitive planning tasks. However, I must emphasize that automated support is only that—support. Computers aid decision-makers; they can never replace them.

Officers

This past year the Marine Corps accessed 1761 lieutentants and warrant officers who as a group had the most sterling credentials of any accession group in our history. This success was achieved while attaining both affirmative action and skill specialty goals. Concurrently, we continued to make great strides in managing the officer corps, doing a much better job of defining our requirements while continuing to improve management techniques that help shape that community to meet documented needs. However, our long term management planning is complicated by the grade distribution in the Marine Corps, in that 71 percent of our commissioned officers are in the lowest three grades. Nevertheless, we can and are improving our management control over and use of the officer corps.

The only significant obstacle in shaping the officer corps is posed by the Defense Officer Personnel Management Act (DOPMA), although on the whole we are very pleased with the consistency and standardization brought about by passage of this Act. DOPMA streamlined many of the old Officer Personnel Act procedures and required that the Services adopt compatible rules and procedures governing promotions, retirement, and other common areas. We do have problems, however, with the field grade ceilings imposed by DOPMA. Specifically, the ceiling on the grade of major causes us to move out of the years-of-service promotion timing window intended by Congress for that grade and limits us to fewer majors than we need. The shortage of majors forces an inordinately high level of grade substitution and limits our full participation in the joint arena. Grade relief has been proposed. I would like to emphasize that the requested relief will not increase the active duty strength of the Marine Corps, but simply allow us to redistribute present officer assets, thus permitting more officers to serve in the grade of major. Your support is needed on this critical issue. The Comprehensive Flag and General Officer Legislation submitted to Congress is also of great importance to the Marine Corps. In addition to maintaining the congressionally desired control over the number of flag and general officers, this legislation enables the Services to properly staff important internal and joint billets and to plan for long-range leadership requirements. We solicit early consideration of this important piece of legislation.

Enlisted

As with the officer needs, we satisfied all enlisted requirements in fiscal year 1984 with the highest quality Marines ever recruited, both in numbers of high school graduates and higher mental categories. Our young people realize that they need highly technical training to take part in this growing economy and that a tour of duty in the Marine Corps can equip them with more competitive skills. They look for the challenge and opportunity to become self-reliant, with direction and discipline. Consequently, the Marine Corps was able to meet all recruiting goals last year, while continuing to raise standards. Over 95 percent of all non-prior service regular male recruits were high school graduates, and over 96 percent scored in the upper three categories of the Armed Forces Qualification Test.

Quality has also steadily improved within the force itself. The infusion of a greater number of educated, more intelligent Marines and the resultant decrease in disciplinary problems have allowed local field commanders to focus on the mission and the needs of the total command.

Field commanders are also benefitting from a major policy change in the pattern of recruit accessions, called level load. The new policy shifts to a more even recruit input to the training depots through the year, reducing summer personnel turbulence in the operating commands. Level load actually began in 1983 and was formalized as a program in 1984. Although the full impact of this program will not be realized until 1987, when separation patterns of those leaving active duty mirror the level accession process, some benefits have already been achieved in meeting training seats, smoothing turbulence, and increasing combat readiness.

In order to make maximum use of the training provided to our Marines while minimizing costs, we are all working at improving precision in our personnel assignments. On a day-to-day basis, we try to ensure that the right Marine is sent to the right job, at the right place, at the right time. These four "rights" are key to our management concept at every level of command.

Our assignment management goal is to match the personnel inventory with the authorized positions selected for manning both in skill and experience level. Given the dynamic nature of our Corps and essential training time for many skills, this process must be monitored and modified constantly. The Selective Reenlistment Bonus (SRB) program has been an essential control tool in helping us retain that right Marine. With careful use of this program, critically short enlisted MOS skills were reduced from 141 to 75 during this last fiscal year. This process of reducing shortages was essential prior to accepting new structure for fiscal years 1985 and 1986. Despite our success, shifts in the population being supported and changing requirements mandate continuous refinement and reevaluation of the SRB program to best use limited resources. We recently completed an in-depth look at the criteria used to identify critical skills and decided to focus use of this program only where a direct link could be established between the skill and readiness of the force. Concurrently, we developed analytical tools to better measure the relationship between skill inventory availability and readiness. These tools will be applied for the first time this year. We remain convinced that the SRB program is vital to reducing critical shortages in mission essential areas. Your decision to continue SRB and Enlistment Bonus (EB) program authorities for the next three years is both greatly appreciated and essential to attract and retain the "right" Marine for the "right" job, thus increasing effectiveness of both critical manpower and limited dollars.

Fiscal year 1984 was a banner year in total reenlistments for the Marine Corps. By retaining well-qualified and proven Marines, the leadership and experience levels of the force were substantially raised. The combination of good retention, controlled use of SRB, and a vigorous lateral movement program significantly contributed to reducing skill imbalances throughout the Corps to the lowest level attained in years. Thus far in fiscal year 1985, the Marine Corps is experiencing a continuation of the success realized last year as we apply these same manpower management and career planning techniques.

Training

As equipment and duties become more complex, a greater number of Marines need to be school trained in their assigned skill areas. Today, 95 percent of our new Marines receive formal school training following recruit training. Fortunately, as previously mentioned, the process of level load recruiting has greatly improved our ability to schedule and fill available training seats. Through careful planning and effort we have been able to keep pace with the growing need for training. This increased training allows us to both provide the greatest challenge and reap the highest benefit from the highly motivated, intelligent young people entering the Marine Corps today.

Civilians

The Marine Corps follows a very stringent policy requiring that civilian personnel be used to meet the needs of supporting activities to the maximum extent practicable, consistent with documented requirements to use military personnel only for reasons of law, training, security, discipline, rotation, or readiness. This policy permits us to more effectively man the FMF with Marines; improve FMF training, readiness, and manpower sustainability; provide continuity in operations; and provide specialized expertise to our supporting activities not otherwise available within the military community. Marine Corps civilian personnel are employed in a wide variety of professional, technical, and administrative functions.

Military and civilian manpower resources are integrated to maximize efficiency and avoid duplication of effort. Our request for 22,124 civilian personnel in fiscal year 1986 is necessary to continue to meet mission responsibilities while maintaining minimum military strength levels. Any degradation of civilian levels will result in a drawdown of military manpower from the operating forces, resulting in a decrease in readiness.

Women marines and minorities

Women Marines have been a continuous and integral part of the Marine Corps since 1943, serving, as do all Marines, where they can best support the needs of our nation and the Corps. Since 1974, while the total Marine Corps end strength has remained virtually constant, the number of women on active duty has nearly tripled, to approximately 650 officers and 8,600 enlisted women. To ensure that maximum benefit is being derived from this resource, we recently completed a review of the classification, assignment, and deployment policies for enlisted women Marines. The primary goal of this review was to ensure combat readiness of our Marine Air Ground Task Forces, while providing fair and equitable opportunity for career progression of all Marines. A similar review is underway for women Marine officers.

The policy review for enlisted women reaffirms that women should continue to serve in 35 of 39 occupational fields, with an increase from the present strength of 8,600 to about 10,500. Most of the growth in this population will be in the senior enlisted grades. Decisions from that review are being implemented now. However, a number of these decisions will take several years to reach full fruition. Women will continue to serve in the FMF and throughout the supporting establishment in time of peace and during war.

A recently completed study on minority officer selection and a related ongoing study on retention have been the cornerstone of our efforts to increase our minority officer population. Additionally, efforts to provide a fair and balanced distribution of minorities within occupational fields continue to show progress.

Marine Corps Reserve

The Marine Corps Reserve maintains highly trained units and qualified individuals available for active duty in time of war or national emergency, thus providing a ready mobilization resource. The Ready Reserve, consisting of the Selected Marine Corps Reserve (SMCR) and the Individual Ready Reserve (IRR), potentially can provide an additional 90,000 Marines to the active forces on mobilization. Most of the initial remaining need will be met through the recall of certain classes of retirees.

The Ready Reserve pool is composed primarily of former Marines completing their military obligation. Last year, Congress increased the National Military Obligation of male citizens from six to eight years. The impact of this decision will not be seen in the Ready Reserve until fiscal year 1990. At that time, the manpower pool (primarily the IRR) will be increased, as will the percent of reserve support available on mobilization. However, despite the obvious advantages of this increase in military obligation, it creates some unique problems in the IRR. For example, we anticipate problems with skill atrophy, the mechanics of refresher training, and the maintenance of correct addresses for members of the IRR. In compliance with your direction, we are eveloping plans to alleviate these problems.

Readiness and mobilization

Peacetime readiness of both active and reserve units is assessed on a monthly basis through the Unit Status and Identity Report (UNITREP) and other systems. The UNITREP system provides broad data necessary to plan for peacetime operational commitments by identifying current strengths and logistic support capabilities by unit throughout the Marine Corps. Despite unique problems caused by unavoidable periodic personnel turbulence and our small size, our systems confirm that we are maintaining the required high level necessary to continue as the nation's Force-in-Readiness.

Our primary task at mobilization is to fill the force to wartime strength. Pretrained manpower from the Marine Corps Reserve and retirees provide initial personnel for both operating forces and the supporting establishment. Our plans call for activating the 4th Marine Division, Wing, and Force Service Support Group Team (4th DWT) to selectively augment and reinforce the active forces, in order to field three Marine Amphibious Forces (MAF's) at full wartime structure and provide a Reserve Marine Amphibious Brigade. If augmentation or reinforcement is not required, the 4th DWT could be formed for potential employment as a separate force. Towards this effort, the strength of the SMCR has been steadily increased, a growth of approximately 13 percent since 1980, with a projected goal of 43,019 in fiscal year 1986. Simultaneously, quality has been improved by increasing the number of high school graduates and higher mental category accessions. Today, 92 percent of our SMCR Marines are high school graduates.

The IRR provides the critical source of individual fill and replacements needed to support both active and reserve units. The decline in that population, which fell by almost 15 percent between fiscal years 1980 and 1983, was finally reversed. The IRR is scheduled to grow to 50,000 this fiscal year and to reach 52,000 by fiscal year 1990. That steady growth will dramatically accelerate in 1990 as a result of the change in obligated service, almost doubling this mobilization asset population by end of fiscal year 1991.

Whereas the IRR and Standby Reserve are scheduled to fill shortfalls in the active operating forces and reserve units throughout the Corps, retirees (the final pre-trained asset category) will be used primarily to fill supporting establishment billets within the continental United States. Only 41,079 of our current inventory of 84,358 retirees are considered "best qualified" for purposes of mobilization by reasons of age (under age 60), current involvement (retired less than 10 years), and physical readiness. The Marine Corps has begun to preassign selected retirees to specific wartime billets wherever possible to minimize mobilization turbulence. Because of the requirement for early mobilization support in the Military Entrance and Processing Stations (MEPS) and Marine Corps Casualty/Family Assistance Teams, we have initially focused our assignment efforts on these organizations.

We continue to participate actively in major Joint Chiefs of Staff sponsored exercises to test adequacy and executability of our current and future mobilization plans. Through these exercises, we have demonstrated both the flexibility and responsiveness of our mobilization system by qualitatively filling 91 percent of our wartime requirements. We have also successfully identified shortfalls in our system through this process. For example, tests during exercise POWDER RIVER in the fall of 1984 highlighted inadequacies of a locator system to reach pre-trained manpower assets, such as young IRR's who frequently move and retirees who use the check-to-bank deposit system. This problem is expected to worsen with the increase in obligation and number of Marines in the IRR. Resolution may require access to external data bases, possibly to include Internal Revenue Service and Social Security Administration records.

Of course, filling the Marine Corps to wartime strength is only half of the problem. Equally as important is the ability to sustain that force in combat. A major concern in this regard is for adequate in-theater medical health care needed to minimize loss and reduce personnel replacement requirements. Without this support our ability to sustain operations will be seriously impaired. Your continued support is needed for Navy medical programs which improve our posture in this area.

QUALITY OF LIFE

The Marine Corps applies the term quality of life to any program or support that contributes towards a quality work or living environment for our Marines and their families. These programs enhance morale, help retain quality personnel, and lead to the maximum possible personnel readiness.

Compensation

We must continue support for a strong interwoven compensation system founded on effective military pay. Pay is an effective tool to attract and retain quality Marines as long as it compares satisfactorily with private sector wages. Additionally, comparability must be accompanied by a cost of living pay adjustment mechanism that provides our military community a stable and predictable index, delinked from the instability of pay caps, freezes, and annual public debate. Regardless of the equity of the final decision, the current process of approving an annual pay raise itself breeds uncertainty and apprehension.

Military benefits and entitlements, coupled with adequate pay, help our Marines and their families meet the unique aspects of military service. While Marines accept personal sacrifice, they deserve reasonable and easily understood benefits as part of their larger compensation support system. These benefits offer assurance to Marines that in their absence support will continue for those who so patiently wait year after year without question and with great devotion—the silent partners, their families.

Health care, commissaries, and other family support programs have a significant influence on retention. Although basic family health care has long been a support program, beginning 1 July 1985 these benefits will be expanded, providing dental treatment on a limited space available basis to dependents. While this is an essential extension of support, there are some inherent problems in the program. DOD proposes to correct these problems with a contributory dependent dental plan being developed for your consideration. I urge your support for this very important plan.

Similarly, the military commissary system remains very important to both Marines and their families. This traditional support aids the whole family unit during extended periods of deployment when essentially one household must exist as two. This support ensures availability of customary quality foods, through a convenient and familiar facility, regardless of worldwide location or length of residency.

Your support for, and subsequent approval of, increasing the Monetary Allowance in Lieu of Transportation (MALT) from $.13 to $.15 per mile last year is appreciated. Nevertheless, our Marines continue to absorb out-of-pocket costs associated with permanent change of station moves, which are primarily involuntary. As a minimum, additional support should be provided to: fund previously authorized temporary lodging expenses; remove the ceiling on military household goods weight allowances; provide per diem for dependents during directed PCS moves; eliminate the cap on per diem rates; provide a realistic automobile operating allowance; and pay BAQ/VHA beyond 90 days when sea or field duty is involved.

We are most appreicative of your efforts to eliminate limitation on BAQ/VHA entitlements. However, a greater concern has surfaced as a result of the Treasury Department proposal to disallow full income tax deduction for housing costs. If implemented, this decision will result in an immediate individual pay loss of two to six percent of total earnings. We cannot burden our Marines with the resulting alternative of unaffordable or unacceptable housing. Military personnel must be exempt from provisions of this ruling. Your personal assistance is requested in this extremely sensitive area.

Concurrently, we seek your support in enacting legislation to implement the recommendations of the 5th Quadrennial Review of Military Compensation regarding special and incentive pays, which we find are reasonable, fair and necessary. These pays affect each of the Services and provide strong management tools to help develop and maintain the force.

Lastly, we remain committed to the military retirement system which is our most powerful retention management tool. It supports our most important resource—people—during lean years, provides an essential pre-trained mobilization asset, and fulfills our part of a long-standing contract already faithfully completed on the part of the retiree. Any change in the military retirement system must be considered in the context of the total force and weighed carefully against our national security and force management objectives.

Permanent change of station (PCS)

The ability to move Marines by permanent change of station (PCS) orders is vital and integral to management of the force. Both the general areas of PCS and the six subordinate move categories must be considered in relation to an overall manpower plan. Each of the move categories is interrelated, yet supports a different aspect of the total plan. For instance, reduction in rotation moves through expansion of the Unit Deployment Program might well result in increased operational moves to fill isolated billets in the U.S. previously filled by the Marines returning from overseas.

The Marine Corps closely plans and monitors PCS moves and, wherever possible, reduces their requirements. Planned reductions will be seen, for instance, in rotational moves as more billets in WESTPAC are converted to accompanied status. With the increase in family support facilities in Japan (houses, commissaries, schools, etc.,) funded by both the Governments of Japan and the United States, we have already converted 800 unaccompanied billets, with 3,800 possible additional conversions planned in the next few years as additional family quarters and support facilities can be completed.

PCS is a complex and interrelated management tool, and we need maximum flexibility to handle this program at minimum cost, while still maintaining the ability to function operationally. Reductions in number of moves or in dollars associated with these moves cannot be offered up from this program to offset other initiatives such as MALT, regardless of their worth. As with all our programs, the Marine Corps continues to present the most current and honest estimate of minimum requirements and attempt to conscientiously manage the allocated resources. This practice precludes both waste and the capacity to divert resources to support other programs.

Unit deployment program (UDP)

Implementation of the Unit Deployment Program (UDP) has substantially reduced PCS requirements in addition to improving readiness, reducing turbulence, and increasing standardization. The UDP was developed as a six-phased evolution to convert individual, 12-month PCS based manning of Marine Corps infantry battalions and tactical aircraft squadrons and detachments in WESTPAC to a 6-month deployment of entire units. Begun in October 1977, the program was fully implemented by January 1983, reducing by 8,300 the number of unaccompanied billets and the attendant rotational PCS move requirements.

The primary purpose of unit deployment was to reduce personnel turbulence associated with 12-month unaccompanied tours in WESTPAC and to sustain maximum uniform readiness of tactical units throughout the Marine Corps. However, since implementation of the program, we have realized several significant additional benefits.

Marines are now stabilized in the same tactical units for up to three years, leading to enhanced continuity of training and increased "leader to led" associations.

Operational procedures have become more standardized throughout the Marine Corps as different units are routinely called to work together, increasing interoperability throughout the Corps.

Family stability has been improved with reduced turbulence. Under UDP, families remain at the homebase during deployments, continuing to receive essential support from the parent tactical unit, school, church, social group, family service center, and facilities in the absence of the Marine sponsor.

Finally, the heavy costs of PCS moves, both those charged to the government and those absorbed by the Marine family, are saved. The requirement for 11,600 PCS rotational moves annually was eliminated through conversion to the UDP system of 8,300 unaccompanied billets in WESTPAC. The government alone has saved in excess of one million dollars annually through this program. When transient man-year savings are added, the savings are more dramatic. Since the program began in 1977, these savings have provided an aggregate spending reduction of $64.3M to man the force. Additionally, with the costs of each PCS move raising at a more rapid rate than UDP costs (per diem and transportation), it would appear that these cost savings will continue.

In response to the tremendous success of this program, the scope of UDP is being expanded. A plan to include several combat support units is currently under development with planned phased integration of tanks, assault amphibian vehicle (AAV), and direct support (DS) artillery units into the program, beginning with tank and AAV units. Expansion will allow further reduction in PCS billets, rotational moves, and funds to support those needs in the WESTPAC area, while continuing to improve readiness of tactical units.

Drug and alcohol abuse

During 1982, the Marine Corps established a policy of nontolerance of illegal use of drugs and abuse of alcohol. At that time, we implemented the urinalysis program which became the primary deterrent in the "war against drugs." We firmly believe that Marines deserve and want a drug free environment. Urinalysis has proven to be instrumental in enforcing policies needed to attain that goal. Initially, there were start-up difficulties at the urinalysis screening laboratories; however, these problems have been resolved and steps taken to correct any potential injustice to current or former Marines. The urinalysis program now appears to be operating in an "error free" mode.

Today, we have dramatic evidence that our drug deterrence program works. While in 1980 the admitted drug abuse rate in the Marine Corps was 37 percent, the 1983 Marine Corps Substance Abuse Survey documented a reduction to 17 percent, with an estimated further reduction today to approximately 10 percent. We believe that the upcoming 1985 DOD survey will document further declines in drug abuse. Of those surveyed in 1983, 66 percent acknowledged that the urinalysis program was a major deterrent to their personal illegal involvement with drugs. We credit this key program, coupled with aggressive, informed leadership with our tremendous success in this vital readiness related area.

Similarly, the admitted per capita rate for alcohol consumption in the Marine Corps has been reduced. The number of heavy drinkers (6 or more drinks daily) has dropped by 50 percent into light-to-moderate use category through aggressive awareness and education efforts. A major reason for success in curbing alcohol abuse has been development and implementation of reasonable and enlightened policies. The decision to consume alcohol is both a personal choice and legal right. It cannot be treated in the same manner as the illegal use of drugs, even though abuse of any substance is not acceptable. Accordingly, the Marine Corps has not declared "war" on alcohol, but rather has asked each Marine to examine his or her drinking behavior in terms of military "readiness" and to assure it is and remains "responsible" behavior. To aid in this area, we designed policies and programs which deglamorize use of alcohol and offer healthy alternatives to consumption. At the same time, we have afforded treatment and rehabilitation to those affected by the disease of alcoholism. In this latter area, Marines have enjoyed an 85 percent success rate at the Navy Alcohol Rehabilitation Facilities, allowing rapid return of most Marines to full duty.

In light of our unique readiness mission and obligation to each other as Marines, the Corps cannot—and will not—lower its stand on the issue of substance abuse. Any valid detection or deterrent program will be refined and applied rigorously, fairly, and universally.

Family services

Family Service Centers were established to help Marines and their families deal with those unique problems and situations found in military life. These centers coordinate information and provide referral service to other military and civilian help agencies. Trained professionals provide non-medical counselling in a whole host of areas, to include marital, financial, and personal affairs and stress management. There are currently 18 centers that responded to over 100,000 inquiries last year, 3,600 by use of a toll-free telephone line system. Family Service Centers are currently expanding their programs into areas of spouse employment, consumer affairs, and family advocacy as staff and funding become available. Support in pre-deployment and post-deployment briefings, relocation assistance, and outreach to isolated and special need families has expanded each year as our experience and needs in this area have grown.

The Family Advocacy Program helps our families when in stressful situations by increasing awareness in this sensitive area. Reports of family violence have increased as law enforcement, medical, child care, and command and school personnel learn to identify abuse and become more attuned to family stress situations. Each identification allows more immediate and effective intervention. While occurrences of family violence appear to be on the rise, improved education and assistance effectively reduce "actual" incidents and provide both proactive and reactive support for our people in a world of increasing stress.

Morale, welfare, and recreation initiatives

Over the next five years, the nonappropriated fund construction program will start or complete 56 projects at a cost of approximately $56.7M, providing recreation and club facilities throughout the Marine Corps. Management of the construction process will be centrally controlled to ensure the best planning techniques, costing estimates, and design realities are applied. We believe quality recreation programs and facilities are essential to provide a wholesome alternative to drug and alcohol abuse as well as to help attract and retain quality Marines.

We are currently conducting a survey among patrons of the morale, welfare, and recreation facilities to determine actual facility use, leisure-time needs, and partron attitudes. Analysis of results will be used in prioritizing requirements for services, activities, and facilities. Club operations are also under study with a view towards streamlining structure, wherever feasible, to optimize use of limited nonappropriated funds.

A management information system is being implemented at major Marine Corps installations to enable managers and commanders to make more timely and informed management decisions concerning business operations of activities and programs. This system results in reduced general and administrative costs while improving support.

In a morale-related area, the Marine Corps is very interested in obtaining authorization to use nationally known credit cards in post exchange facilities. While this is not a budget issue, it expands usability of a very important quality of life benefit for our military families.

RECRUITING

The Marine Corps continues on a steady and successful course of commissioning and enlisting quality young Americans. As mentioned earlier, we enjoyed unqualified success in recruiting last year. Additionally, in light of the high level of retention, providing both stability and improved readiness, less than 40,000 new prior and non-prior service (NPS) Marines will be needed in fiscal year 1985. Reduced accession requirements are strongly influenced by three other factors. First, we now concentrate on four and six year enlistments, virtually eliminating three year terms of service. In fiscal year 1984, 93 percent of all those accessed joined for four or more years, as opposed to fiscal year 1981 when only 71 percent joined for this longer period. Second, your support of enlistment bonuses has greatly influenced our ability to enlist increased numbers of high school graduates in the high AFQT categories. Third, this infusion of dependable and trainable young Marines has resulted in significantly reduced attrition from the operating forces, as well as increased readiness.

With respect to accessions in fiscal year 1985, we entered the year well poised to maintain that momentum, starting with more than 47 percent of the total enlisted force NPS requirements in the Delayed Entry Program (DEP) pool. Additionally, over 98 percent of those in the DEP are high school graduates and seniors and less than 1 percent scored in AFQT category IV or below.

Three recruiting goals have been established for the remainder of fiscal year 1985 and fiscal year 1986. The first is to continue to access high quality youths to ensure high technology fields are manned with Marines capable of truly understanding the systems they operate, and to ensure we continue to expand the numbers of higher mental groups assigned to infantry, tank, amphibian vehicle, and artillery MOS's. Greater mental adaptability is needed to master complex new weapons systems, as well as understand our doctrine for tactics, fire support, and communications.

The second goal is to continue to strive for level input to the recruit depots, particularly during the historically lean, late winter to early spring months. The level load system is essential to take full advantage of available training seats and to minimize personnel turbulence in the operating forces.

And third, to continue to recruit to specific requirements of every Reserve unit in the country. In the past, we enlisted the total number of Reserves needed, but did so without thoroughly integrating manpower and training plans to ensure that Reservists receive MOS training upon completion of boot camp in the correct skill needed by his or her unit. Two years ago, our Reserve non-prior service enlisted accession goals—by MOS and unit—were met only at a 42 percent level for air and 72 percent level for ground units. This past year, we attained all our goals both by MOS and unit. This achievement greatly enhanced the posture of the SMCR.

We expect to meet challenges this year in our search for the right "few good men and women." Despite the positive atmosphere of patriotism and confidence so very evident today, we will need to compete against improving job opportunities in the private sector and declining numbers of high school graduates. Congress has been very supportive in providing tools to combat these problems, such as the Enlistment Bonus (EB) Program authorization and a new Veterans Education Assistance Act. These and other internal efforts should allow our goals to be met.

Ultimately, we have a very intangible but critical draw to the youth of America, the same draw we have always had and that is the challenge itself to be "one of the few, the proud." This challenge if fortified over time by the knowledge that Marines share that chosen life with others who value the sense of self-confidence, discipline, and commitment. The combination of these intangibles is unbeatable, and has and will always draw and unite Marines.

CONCLUSION

The Marine Corps today is the most combat ready force to have carried the name Marine. It is a force composed of educated, patriotic officers and enlisted Marines believe impossible to achieve not that many years ago. Our success is due in no small measure to the wisdom and past guidance of the Armed Services and Appropriations Committees in particular and the Congress in general. Our current manpower force is a product of long-term planning and constant supervision, not by accident. That same attention is currently directed to ongoing efforts to develop and prepare for the required quantity and quality force needed for tomorrow, action which will ensure that the Marine Corps will always be ready to meet its unique missions and challenges. We must and will find that right Marine for the right job, at the right place, at the right time. Once accomplished, manpower manage becomes a matter of leadership, as eventually all issues do in the Marine Corps.

Senator **Wilson**. Thank you very much, General Maloney.

All the witnesses have touched to a degree on recruiting and retention and also some have mentioned retirement in the body of their remarks this afternoon. The Chair would remind those in the audience who share an interest in these specific functions that there are separate hearings scheduled. First, with respect to recruiting and retention, there will be a hearing March 11 at 2 p.m. There will be another hearing on retirement March 19 at 10 a.m.

That is in no way to discourage any observations that you may wish to contribute this afternoon. It is simply an advisory that there will be separate hearings held on those subjects, devoting exclusive attention to them at the time.

REQUEST INCREASE IN ACTIVE DUTY AND CIVILIAN END STRENGTH

Let me request of each of you a response. Each service, through you, has this afternoon requested some increase in its total Active duty and civilian end strength. The Army does not request any additional active duty personnel, but seeks an increase of 5,000 civilians; the Navy is seeking 15,000 more active duty personnel and 2,000 civilians; the Air Force is seeking 10,000 active duty and 10,000 civilians; and the Marine Corps an additional 1,000 military personnel.

Together, these requests come to an increase of more than 43,000 active duty and civilian personnel in fiscal year 1986. You have described in part the justification for these requests, but would you each now in turn describe for us the functions that these requested personnel will perform in your service and how these functions will be dealt with and how they will be performed if none of the requested growth were actually authorized?

General Elton, you can lead off.

General **Elton**. Thank you, Mr. Chairman.

ARMY END STRENGTH

As you have stated very accurately, the Army is working within the 780,800 end strength ceiling and have made some very promising tradeoffs with regard to functions within that end strength so that we could maintain it at a constant level.

With regard to civilian functions, I have a chart before you, chart 4, which outlines the growth and gives you a very broad brush of the five major activities in which the Army civilian work force will grow in size.

Before I get into that, the important point, I think, is that while the civilian end strength will grow numerically about 4,700, our actual budgeted work years will remain constant, and so the expenditure. This actually means that we are getting some productivity enhancements, which I think is what is desired by the Congress.

With regard to that 4,700, however, we have 300 that will be dedicated to medical activities. We are trying to transfer some of the CHAMPUS workload to direct care facilities. There will be specialized care for the exceptional family member program, as required by Public Law 94-142. And then there is the minimum CORE staffing to implement the medical quality assurance program.

We have a program of civilian substitution which will include about 500. These substitutions we think will increase readiness by expanding the conversion of military positions and releasing military spaces to reduce readiness shortfalls.

Ammunition management in Europe accounts for about 500 of these civilian spaces. The purpose here is to improve readiness in Europe by permitting the establishment of a USAEUR, or United States Army/Europe ammunition support command and control structure which will perform peacetime ammunition management functions and be the basis for wartime expansion, with the projected arrival of the Capstone or Reserve component units.

The training base accounts for an additional 1,300 of the civilian growth, and this permits an expansion in the training base to permit accomplishment of the 1986 training workload, expanding training courses, primarily for midlevel noncommissioned officers.

Finally, there are 2,100 that are applied against force modernization and restructuring initiatives. These are to sustain new equipment and weapons systems during and after initial fielding. It includes people who will be involved in logistical support, spare parts management, and manpower to support the restructuring actions such as light divisions and those transitions of Division 86, the heavy divisions.

Senator WILSON. Thank you, General Elton.

Admiral?

NAVY END STRENGTH

Admiral LAWRENCE. Mr. Chairman, I would like to address the end strength question in some detail because I think it is very important, when we are asking for a 15,000 military end strength increase in this era of budget deficits and an effort to save all the money that we possibly can in the Government, I assure you that we would not have made this request for 15,000 end strength increase without a careful analysis and a determination that we really need it.

To give a little historical perspective; as we dramatically reduced the number of ships back in the 1970's, there was a commensurate reduction in the number of people. Now, we are building up from that low level of approximately 480 ships that existed in 1980 and we are increasing the ship force level by 25 percent.

However, in our manpower growth plan we are only increasing our manpower by about 19 percent, and we are achieving this lower increase in military end strength by cutting very much into the support base. Sixty-two percent of the growth over the decade of the 1980's will be in sea-going forces, combat-ready units. The combat support ratio of the U.S. Navy is steadily increasing throughout the decade of the 1980's. I might also point out that of all the total billets in the Navy, 65 percent of them are in at-sea or seagoing units.

I think that background is very important. With regard to the specific 15,000 end strength request for fiscal year 1986, we will handle that increase in this manner. Fourteen thousand five hundred of that end strength will be applied to seagoing units in the tactical, strategic and mobility area—destroyers, cruisers, aircraft carriers, airplane squadrons the cutting edge of our operating force.

We will have another 4,000 that will be in direct fleet support functions, such as ships' intermediate maintenance activities, aircraft intermediate maintenance activities, and others that are performing the essential maintenance to allow the combat functions to be performed.

To compensate and stay within the 15,000 growth, we will be reducing in the other support area by 3,500. We are achieving this by obtaining greater efficiency in our training establishment, reducing the training pipeline and ensuring that the training we provide is only that required to do our operating mission.

Now with regard to the question of how would we perform our missions in the event that we did not obtain this increase, I think that it is essential to our national security that we operate the number of ships that have been appropriated and authorized. Therefore, we would continue to operate our ships by manning them at a lower level and keeping our people at sea for longer periods of time. I might point out that more than 50 percent of our people on sea duty are serving for a period of greater than four years on a single tour. If we do not get our requested end strength increase, we would work our people harder. We would accept a lower level of materiel and combat readiness, and would see an attendant reduction in the retention of our people.

Now with regard to the moderate civilian personnel increase we have requested this year. We need this increase to improve physical security in the Navy to better combat the threat of terrorism that we see existing in the world today. We are also undergoing some civilian substitution, using civilians in some of those areas where they can replace military personnel. This will enable us to allocate more of our military end strength to direct combat-related functions.

That basically summarizes my answers to your question on the end strength.

Senator WILSON. Thank you, Admiral Lawrence.

General Cassidy?

AIR FORCE END STRENGTH

General CASSIDY. Mr. Chairman, our end strength growth this year, 85 percent of it, is tied directly to force structure growth. That force structure growth comes in many of our principal systems—F-16, F-15 growth, the B-1, the TR-1, the C-5B, AWACS, and Peacekeeper are the principal ones. So 85 percent of the total growth which you mentioned, which is correct, is directly tied to that force structure itself.

Others clean up on several things like some growth in medical. We, too, have a growth in security directly tied to terrorism and our efforts against terrorism around the world. We have some direct command and control adds that are necessary to command and control the increased force structure that I just mentioned. And also we have some acquisitions management spaces in there, 3,100 of them, as a matter of fact, in the civilian category, which indeed are in the specific management of acquisition programs which we think indeed will get great returns on our money.

We start this year with a 23,000 manpower deficit. We are coming into the year with that.

Senator WILSON. Excuse me. Let me interrupt you there. You say some of the civilian increases are in your acquisition management program?

General CASSIDY. That is correct, sir, and we have shown over this past year—we had increases last year in acquisition and management, and we showed that that really paid off in spades, that indeed getting people into those programs can save us an awful lot of money, if we target them in the right places.

I can give you some very specific figures on those kinds of savings.

Senator WILSON. I think that would be not just interesting but very useful, specifically as we focus on it, and you might want to make the arguments.

General CASSIDY. I will provide those for the record, sir.

[The information follows:]

IMPROVING THE WEAPON SYSTEMS ACQUISITION PROCESS

As an integral part of an overall DOD program to improve the weapon systems acquisition process, several initiatives are producing significant savings. Examples are cited below.

Multiyear contracting is one method the Air Force has used successfully to help stabilize selected programs. Since major multiyear contracting legislation was expanded in fiscal year 1982, the Air Force has started eight major contractual efforts that use this technique. The savings from these contracts approaches $3B.

Expanding the use of competition continues to be a high priority for the Air Force. We are increasing competition by dual sourcing and component breakout as well as encouraging prime contractors to expand competition among their suppliers.

Independent cost analyses have produced more refined cost estimates and more accurate inflation factor information. A program-by-program analysis shows that program costs decreased from 1981 to 1983 by $6B in then-year dollars.

An Air Force Management Analysis Group [AFMAG] found that not enough competition, limited data, and ineffective pricing techniques led to pricing problems. AFMAG documented 68 findings and 178 recommendations for changes to the spares acquisition process. We have incorporated over 100 recommendations as of December 1984. We are buying in larger, more economical quantities, consolidating orders, increasing competition and breakout, pricing items on value or "worth" basis, and using "should cost" pricing techniques. Our leading edge in these reforms is the Competition Advocate who helps increase competition, analyze prices, and challenge data rights.

Another of our major efforts is the Zero Overpricing Program to encourage and reward Air Force people who identify and report items they suspect of being unreasonably priced. The program is gaining momentum. From 2,700 challenges in fiscal year 1980 to almost 12,000 in fiscal year 1984, our people are clearly getting the message of individual responsibility for fair and reasonable prices. While statistics show only 6 percent of these challenges to be correct, we've realized $2M savings from them in the past 24 months.

Our concern about overpricing includes not only spare parts, but also support. As a result of our Support Equipment Acquisition Review, we've taken an in-depth look at how we buy support equipment. This review recommended 107 management improvements in the area of requirements, planning, and pricing. Corrective actions began in November 1984.

Air Force has over 400 individual initiatives to improve our spares and support equipment process and we are already seeing results. A review of our programs to date reveals a savings of approximately $575M in fiscal year 1984 from several factors, including increased quantity buys, expanded breakout and competition, greater emphasis on price challenges, and a more favorable economy.

Growth in our civilian workforce for fiscal year 1986 is needed to continue these improvements in central logistics management and support a growing force structure. Force modernization includes the acquisition of new systems, upgrade of existing systems, and improved readiness of the total force, and Logistics is the lifetime of those improvements. Manpower is needed to support 37,000 new inventory items directly tied to Peacekeeper; engineering, development, and maintenance of embedded computers in 17 major systems; support for C-5B deployment; improved inventory accuracy; supply operations and items management driven by more flying hours; and contract management and logistics planning for new systems such as T-46, Small ICBM, ATF, and HH-60A. Required growth is 3,100 civilians.

General CASSIDY. As I mentioned, we entered this era this year with a 23,000-man deficit simply because we have not been able to get the end strength growth that we have asked for in past years as we have built up our force. So entering with a deficit and then, to answer your specific question, what would we do if we did not get the growth, we will be just in a greater deficit position and you will see the many things that happened back in the late 1970's happening to us again.

And those things run the gamut. The biggest part of it, I guess, would be on our people, the fact that they will reach higher frustration levels. They will be worked harder, and, quite frankly, we will not have the surge capability available to us simply because we will be working our people at near war-time levels in peacetime. So when it comes time to surge, it just will not be there if we continue to underman some of these systems that we bring in.

Finally, I think it is important that we look at manpower as a resource, a resource tied to programs rather than a program in and of itself. All too often I am afraid we in the services, and I guess some people in Congress, cut manpower just as if it were a program. Indeed, when you cut manpower, the resource, you cut the programs to some effect.

So I would offer that that cut would affect us completely across the Air Force.

Senator WILSON. General Maloney?

MARINE CORPS END STRENGTH

General MALONEY. Mr. Chairman, the Marine Corps requested an additional 1,200 military in fiscal year 1986 to attain the same strength we had requested in fiscal year 1985. Additional personnel are needed to fill emerging requirements, from activation of light armored vehicle battalions, three antiarmor platoons firing TOW missiles, as well as continuing aviation squadron transition and increased combat service support. That combat service support is required to maintain and support the newly-acquired equipment.

The civilian increase of 400 will be used to support readiness, sustainability, and quality of life areas. If the additional civilian support were not approved, we would use military assets to provide the required readiness and sustainability requirements.

Further in answering your question, if the additional Marine Corps personnel increases are not approved, the associated functions would still be performed, but at a lower capability. People would work harder. For Fleet Marine Force activities, failure to approve the requested strength increase would result in programmed readiness levels of about 87 percent versus the more than 90 percent that we have today.

Senator WILSON. Let me ask each of you, since this is a special responsibility of each one, if the level of spending that is authorized by the Congress falls to a point where you are not getting your end strength requests and in fact have to suffer some reduction, the point General Cassidy made is one that I think deserves great attention.

LACKING SURGE CAPABILITY

That is, what is your surge capability? Your statement, if I understood it, was that if you are operating at a sufficient deficit so that the level of performance is that of virtually a wartime footing that you really do not have a surge capability.

It seems to me that it might even be worth a separate hearing at some point to discuss your surge capability because I think the history of the last few years has been that when forced to cut we have cut in the area of personnel rather than in weapons systems and rather than research and development.

And it is not because there is not a constituency; it is because I think most of us recognizing that the manning levels that are inevitably required are less than we think prudent, certainly less than we think desirable, are choosing the lesser of the evils in making that choice.

The other day, Admiral Lawrence, when Admiral Metcalf was before us at the seapower hearing, the question was put to him by me and by Senator Cohen, as we approach the realization of the 600-ship Navy, if manning levels do not keep pace with the acquisition, what are we going to do? Are we going to tie up these new ships?

And his reponse was one I would have predicted: Well, we do not think that is a good idea.

I think that if we are compelled to and in order to keep on track with that acquisition program, bearing in mind the difference in time required to recruit, train, mobilize, and the time required for production of weapons systems, that he would have to agree that we should go ahead with the shipbuilding, even if that means operating those ships at a reduced level of manning and recognizing the hardship that that necessarily entails.

That I think is the kind of situation we are looking at with respect to each of the services. And we, I think, recognize that it is not a desirable thing to do, but when we are faced with the requirement of choosing the lesser of the evils it seems that there are certain kinds of strengths that inevitably point in that direction.

One of the things that we necessarily are concerned about, if that argument is applied, is what is the ability to surge, and that necessarily involves anticipating some requirements for escalation in conventional activity, whether we are talking about a Grenada, whether we are talking about a deployment that would be still more ambitious than that.

But I would be interested in having some general response today, and if my colleagues agree it seems to me that it would be more than worth our time to develop at greater length what your surge capability would be. It may require that we do so in a closed hearing, but in any case I think that it deserves our attention.

But just generally today, without violating any kind of security classification, I would be interested in what your response is. Inevitably, you are compelled to face that.

Just to keep everybody alert, we will reverse the order and start with General Maloney.

MARINE CORPS SURGE CAPABILITY

General MALONEY. Thank you, Mr. Chairman.

In fact, our surge capability is substantial at this time. As I reported in my oral summary and in the statement provided for the record, our readiness has reached levels that we were unable to achieve in the past. We have been able through the selective reenlistment bonus, enlistment bonus, and other support programs to achieve accession, retention, and level loading needed to bring all of our units to a level of readiness which allows us to surge.

We have that capability now. I would have to discuss details at a closed session, as you suggest and which we support. We are concerned that a reduction of our momentum in the successes we have achieved over the last few years could be turned around losing that surge capability. Surge capability, would be decreased if the end strengths and modest additions are not provided.

Senator WILSON. Thank you.

AIR FORCE SURGE CAPABILITY

General CASSIDY. My concern in bringing that issue up, Mr. Chairman, was principally looking ahead, looking ahead that if we go into this year with a 23,000 deficit and then wind up with another 20,000 deficit this year, that indeed that can have an effect on our surge capability and, as a matter of fact, it will.

And at the same time it will have an effect that cannot be measured at the moment, and it will have an effect, I believe—it is a major people issue in not having enough people because it works those who are there much harder.

I think we can go into a very deep retention spiral again. We in the Air Force went, speaking of pilots alone now as just an example, we went from our very lowest year, the very lowest retention year in the Air Force's history, to the very highest in our history in just a 4 year swing. And I believe that it is volatile enough that it could swing that way again if we are not careful.

And that is what I am concerned with. We do have surge capability today, but we also have people today working many, many hours of overtime, and our wartime capability is computed on 6- and 7-day weeks and 12-hour days, and if our people are working, or a significant number of our people are working those kinds of hours now, they just would not be able to surge much further.

Senator WILSON. Admiral Lawrence?

NAVY SURGE CAPABILITY

Admiral LAWRENCE. What I would add that I think is unique with regard to the Navy is that a large component of our ships at any given time are deployed in forward areas. The nature of the world today requires readily available U.S. forces that can be committed in the national interest if the situation requires.

We are in an era of a violent peace. I think it would jeopardize our national security if we reduced the forward presence of our naval forces. They can remain out of sight, but I think there would be great reluctance on the part of our national leaders to cut back on our forward naval presence.

If we had a reduction in our personnel levels, we would have to man our ships at a lower level and we would work our people harder to maintain the required readiness. There is no question that there would be a reduction in our surge capability because our ships would be manned at a lower level and we would have less capability for long-term involvement in combat operations before fatiguing our personnel.

We have made remarkable progress, as has been substantiated by General Maloney and General Cassidy, in the last 4 years in terms of our stocks of material that we need. Our ammunition stocks are coming up. Our personnel manning is improved.

I think it would really be a mistake to allow ourselves to return to the downward spiral we experienced in the 1970's, when our surge capability was very seriously diminished. I think it would be false economy to deny the end strength increases that are required to maintain the operational readiness that the Navy must have.

Senator WILSON. General Elton?

General ELTON. Thank you, Mr. Chairman.

ARMY SURGE CAPABILITY

Even though we sit in the position of not asking for an increase in end strength, I would say that the Army sits in a surge position today, and I would like to explain that.

The only reason that we have been able to attempt to develop an Army of excellence with increased combat structure, with a constant end strength, is because of the quality of the young men and women that we are able to access and have been able to access in the last 3 years.

But if something should change to that in the near future—and the storm clouds are on the horizon which indicate that there is much more competition—that any surging, of course, will be definitely tempered by our ability to draw on those resources.

I have included two charts that I borrowed from the Deputy Chief for Operations before I came in here and I have included in the package in front or you—chart 11 and chart 12—which talks to what the Army is doing to increase the total capability of their force for surging, if you will, internally by redesigning year after year to activate divisions, to increase light forces, to increase the corps and special operations force units. That is on chart 11.

And then on chart 12 we have who pays the bills, because, as you know, we have no growth, and there is listed our best depiction, the smoke having cleared, as to where the bills are paid. And you can see that our heavy divisions are being reduced and streamlined. The light divisions are getting smaller in size, but definitely more a detail ratio.

We are getting some economies and efficiencies, and we are pushing hard to generate more of those. Increased reliance on the Reserve components and, of course, the Reserve component growth in the Army is one which I am not sure that everyone closely realizes. Between 1987 and 1988, they will surpass in total the strength of the active Army, so that by about 1990 we hope they are sitting around 840,000.

The point is that there are other reductions that are indicated there, and there are some civilian substitutions. We are working to try to do the entire force structure alignment smarter. So I would say that the Army is surging now, and that any cuts to the modest amount of manpower increases civilianwise would send us back to the drawing board.

Senator WILSON. We have been joined by Senator Thurmond and Senator Denton. Senator Thurmond, if you care to propound some questions to these gentlemen, I would be happy to recognize you now for that purpose.

Senator THURMOND. Thank you, Mr. Chairman. We are glad to have you gentlemen here.

I was just looking at these long statements that you handed in, 44 pages or more. You know, I believe you would get more people to read them if you made them 5 or 6 pages, and I am not kidding you on that, really.

Senator WILSON. I am sure that is not the purpose of their length.

Senator THURMOND. In my office I like for people to give me on one page what they can—what the problem is and what they recommend. The members have so many things to read, they just cannot get to them. I would like to read each statement, if possible, but I cannot read 40 pages; I just do not have the time.

I just throw that out to you because the shorter you can make your statements, I think the better. No use putting in stuff to make us think you are making a show or a good impression, because it does not make a good impression with the Senators now. They are just too busy.

CATEGORY IV ENLISTEES

I just have a few questions here. We received testimony last week that the number of category IV enlistees has remained at relatively low levels for 2 consecutive years. Do you expect this to continue if present downward recruiting trends continue? Any of you can answer that.

General MALONEY. Yes, sir, Senator. We have been able in the Marine Corps to hold down the category IV enlistees with an accent on quality, higher AFQT scores, and high school graduates.

In looking at future requirements in an objective way, we might have to take more category IV enlistees, but we believe by recuriting smarter and harder that we are going to be able to hold those numbers down even in the future.

SHORTAGE IN ARMY RESERVE SPECIAL FORCES UNIT

Senator THURMOND. The Army's Reserve component Special Forces units I believe have serious shortages of fully qualified medical personnel and communicators. I wonder if any thought has been given to offering an enlistment bonus to attract personnel for these positions.

General ELTON. Sir, I want to be sure I understand your question. This is with regard to our special operations forces, the medics and the communications people?

Senator THURMOND. That is right.

General ELTON. Sir, what we try very hard to do is to take people for those particular units that are already serving in the force because they have some additional experience. Some of the additional skills that we have on communications do at the present time have an enlistment bonus, and that will help to replace those who would be more experienced and coming from an already formed unit.

But the largest source, I believe, of personnel for our special operations forces do come out of the airborne and air assault divisions and our light infantry units, and as such we are trying very hard to turn that over. We also draw on prior service enlistees and we are in fact working hard to get those particular skills into the special operations force.

NATO ALLIES RATIO ON ACTIVE AND RESERVE STRENGTH

Senator THURMOND. I believe you pointed out that the Reserve component strength will surpass active duty strength by fiscal year 1988. What are the Reserve and active ratios of our NATO allies?

General ELTON. I am sorry, sir. Please say that again.

Senator THURMOND. I said what are the Reserve and active ratios of our NATO allies?

General ELTON. Sir, I do not know that. I would have to get that for you.

Senator THURMOND. If you would get that for the record, I would like to have that.

General ELTON. All right.

[The information follows:]

RESERVE AND ACTIVE RATIOS OF OUR NATO ALLIES

General **Elton**. Comparisons of reserve forces in each of our NATO allies' armed forces tends to vary due to differing policies for universal service, conscription, voluntary service and reserve forces requirements. Many countries have reserve obligations into middle age. The calculations which I am providing here are taken from a study published by the International Institute for Strategic Studies, "The Military Balance 1984/85" and are based arbitrarily upon a five year post conscript period since after five years, health and training standards begin to decline. Because the countries' systems for calculating reserves vary, the figures may include reservists with recent training, active territorial militia and forces available for later mobilization. The active and reserve forces comparison of our NATO allies and the ratios of active to reserve are tabulated below.

Country	Active	Reserve	Ratio of active: Reserve
Belgium	93,600	178,500	1:1.91
Britain	325,900	284,500	1:0.87
Canada	82,900	17,500	1:0.21
Denmark	31,400	308,000	1:9.81
France	471,400	393,000	1:0.83
Germany: Federal Republic	495,000	750,000	1:1.52
Greece	178,000	350,000	1:1.97
Italy	375,100	799,000	1:2.13
Luxembourg	700		
Netherlands	101,900	175,300	1:1.72
Norway	36,800	195,000	1:8.02
Portugal	63,500	169,000	1:2.66
Spain	330,000	1,085,000	1:3.29
Turkey	602,000	836,000	1:1.39
United States of America	2,135,900	1,440,400	1:0.67

FOREIGN LANGUAGE REQUIREMENTS

Senator **Thurmond**. Now as I understand it, each of the services have requirements for personnel to be qualified in certain foreign languages. That is correct, is it not?

General **Elton**. That is correct, sir.

Admiral **Lawrence**. That is correct, sir.

General **Cassidy**. That is correct, sir.

General **Maloney**. That is correct, sir.

Senator **Thurmond**. These personnel fill intelligence roles, special operations missions, and other duties requiring foreign language expertise. Has any consideration been given to offering proficiency pay for varying degrees of ability to maintain mastery of foreign languages for personnel whose jobs require it?

General **Elton**. Senator Thurmond, on behalf of the Army, we have a program that is working at the present time on the Army staff to do just that, to provide additional compensation for those individuals who hold a language skill and maintain it at a certain capacity.

Senator **Thurmond**. I am wondering if the services have reviewed Senator Rudman's proposal for end strength reductions and what impact would this have on the services.

Senator **Wilson**. Senator, we are going to have a separate hearing on the Rudman proposal when Senator Rudman can be present.

Senator **Thurmond**. I see. Well, we will just hold off on that, then. That would be better, I think, when he is here. I understand he is revising his proposal right now.

BUDGET COMMITTEE SEEKS TO CUT PRESIDENT'S DEFENSE BUDGET REQUEST

The Budget Committee recently voted to cut the President's request for defense by $18.5 billion, $12 billion of which must be outlays in fiscal year 1986. Will the 3 percent pay raise continue to be a high priority, if this prevails—and some of us hope it will not prevail, to cut that much? I think it is entirely too much for the security of the country, but if it does prevail where are these cuts going to come from, and will the 3 percent pay raise still be a high priority, or weapons, or something else will have to replace that?

Admiral **Lawrence**. Well, I will answer from the Navy perspective. You have to realize that we are the service personnel chiefs, so we are the advocates of our people, and we strongly defend the pay raises. From our perspective, we feel that the 3 percent pay raise is very much needed.

All of the comparability analyses that we have reviewed indicate that today there is a fairly significant disparity between military pay and private sector pay based on the approved comparability indices that we use. That disparity would be further exacerbated if there was no pay raise received this year.

I think you would see, in the Navy in particular, that we would lose several thousand people from our force due to the disparity between the military and private sector pay.

Senator **Thurmond**. I would like to hear from the rest of you on that.

General **Maloney**. Senator Thurmond, it is important to have the 3 percent pay raise this year, especially in light of the projected freeze in pay next year. That makes it all the higher in priority this year.

Because we have had such great success in retention of quality people, we believe it would not be cost effective to reverse our course by bringing in inexperienced new people. Our readiness has been improved by retention, and retention improved because quality people are staying, believing that their services are going to be recognized. We need to adequately recognize and pay our people.

Senator **Thurmond**. Thank you.

General **Cassidy**. Senator Thurmond, from the Air Force point of view I feel much the same way as General Maloney does about the need for the 3 percent raise. To put that in perspective, the 3 percent raise just barely keeps up with inflation.

The models that we have that we use for projecting out the influence of such actions, either pay raises or pay cuts or just freezes, our models show us that indeed we lose some 2,200 more people than we would otherwise lose in the enlisted ranks, and we would lose at least 65 more pilots this year because specifically of that one thing.

Now when pilots cost us an average of $750,000 and up to $1.6 million to produce, it really becomes fairly cost effective quickly to do the 3 percent pay raise. So we are not asking for the Moon, sir;

we are asking for something which we think is cost effective and beneficial to the country.

General **Elton**. Senator, from the point of view of the Army, I would first of all echo Admiral Lawrence and my other colleagues, but we have some specific differences, and I would ask that you turn to chart 8 that I provided. This is the Secretary of Defense computation of military pay compared to civilian pay using the Employment Cost Index (ECI).

It shows very clearly that if there is no pay raise in fiscal year 1986 according to their computations, which we all use, comparability drops to about minus 12.9. This is the lowest it has been at least since 1977.

When it dropped to minus 7.3 in 1980, we had a disasterous retention year with regard to noncommissioned officers. And anything that would drop severely below that, even though the economic conditions are different than they were in 1980, could be a very severe erosion of our noncommissioned strength.

Our best economic modeling that we have done has indicated that we could lose over a 5-year period up to 6,000 of our senior NCO's and also a degradation of about 13,000 high quality recruits that we cannot afford to lose.

PRESIDENT ASKS FOR 5.9 PERCENT BUDGET INCREASE

Senator **Thurmond**. The President asked for an increase of 5.9 percent and the committee felt they could reduce that to 4 percent, and some of us felt the Budget Committee might cut that to 3, but if you cut out any increase, and this is very disturbing, I wish you gentlemen would think over this because if we cut out $18.5 billion from the budget, $12 billion of which is outlays, really this could be seriously detrimental to our security.

Do you agree?

General **Elton**. Absolutely, sir.

Admiral **Lawrence**. Absolutely, sir.

General **Cassidy**. Absolutely, sir.

General **Maloney**. Absolutely, sir.

Senator **Thurmond**. I just wanted to be sure. [Laughter.]

I hope this can be changed, and some of us will do what we can. Maybe your families and your friends will have some influence on this, too.

Thank you.

Senator **Wilson**. Thank you, Senator Thurmond.

Senator Denton?

Senator **Denton**. First I want to compliment you, Mr. Chairman. I understand you are going to have a separate hearing of this subcommittee so that these gentlemen can estimate the effect of the Rudman proposal. Will that be on procurement or on everything in general?

Senator **Wilson**. His proposal, as you know, relates to manpower and several specifics, such as pay, end strength, reduction in support and auxiliary personnel.

Senator **Denton**. Are you going to have another hearing on what the effect would be of the freeze which the Budget Committee has adopted as its course? If not, the point is that the Rudman proposal reduces the 5.9 to about 4.4 or something like that, and we are faced with a cataclysmic momentum here in the Senate which, in your absence this morning in another hearing, the chairman of the overall committee estimated would not even be the end of the game.

He thought that we would have even bigger cuts than that in spite of his and your and my efforts to stop it. My feeling is that, unless the Members of this body get an understanding of the effects of those cuts, they are going to take place and the national security is going to suffer an extreme blow.

So, as I say, I applaud the hearing on Senator Rudman's proposal, but what about the effects of a freeze?

Senator **Wilson**. I think that at the hearing where we entertain Senator Rudman's presentation it is appropriate for us to venture into the area of the freeze. I think that is entirely permissible.

Senator **Denton**. Thank you, Mr. Chairman. I will come so prepared.

NAVY PILOT AND OFFICER RETENTION

Admiral Lawrence, I have two sets of figures here which represent a little bit of ambiguity to me. One of them is contained in your statement, your prepared statement, on page 19. In the fiscal year 1985 goals and projections as to pilots you have a 60 percent goal, 53 percent projection, and I understand from the prose of your presentation that the 56 percent for 1984 and the 60 percent goal for fiscal year 1984, are consistent.

In other words, you had 56 percent actual attainment of pilot retention, officer retention in the pilot category, in fiscal year 1984, and you have a projection of retaining 53 percent in fiscal year 1985. The Secretary of the Navy on February 13 originated a letter regarding the need for aviation officer continuation pay, and he projects a difference in second tour pilots requirement as follows.

In medium attack, in ECM, he has got a projected second tour requirement for NFO's of 309 and pilots of 209, and a projected inventory of well less than half of that in the pilot category. In other words, 90 pilots projected, second tour pilots, and 209 required.

Are you aware of and in cahoots with those numbers?

Admiral **Lawrence**. Yes, sir. We present officer retention data in several formats. The format that is in figure 7 is what is required by the Office of the Secretary of Defense, and is based on the retention of a year group at the completion of their minimum service requirement plus 2 years. So that is the figure 7 retention data.

For our AOCP computation, we project ahead and determine what our inventories will be of pilots who are available to serve in their second tour in a squadron.

Senator **Denton**. In the future?

Admiral **Lawrence**. Yes, in the future. So we have to, what we call, age the force, and that is a more valid indicator of the need for the continuation bonus.

Senator **Denton**. Well, Mr. Chairman, I do not mean to be impertinent, but I would especially invite your attention to this aviation shortage projected if the aviation officer continuation pay is dropped. They say that they would have in the Navy 90 instead of 209 second tour required pilots in that particular category.

That means you have a great number of very inexperienced pilots out there on those carriers that is just in one category, and represents a tremendous loss in readiness and security. I would hesitate to guess what you would project were there to be no pay increase, and if the other cuts which Senator Thurmond mentioned were implemented.

I assure you, gentlemen, that I realize that you are caught in mid-flight, as it were. You are coming over here every year prepared to give your "things are not so good, but they are better than they were last year, because, of what we have been doing" speech. All of a sudden you come here in the midst of a proposal from the Budget Committee which was not expected by you or by us, and you are not prepared.

With you I feel a sense of desperate urgency that you help me and others present to my colleagues the effect and decrease in U.S. security that would result from that politically-motivated move, a move that is coming from patriotic Americans who simply do not yet understand the effect that it would have. I entreat you to help us get the information together.

Senator **Wilson**. Thank you, Senator Denton.

INCREASE SOUGHT IN ACTIVE GUARD AND RESERVE

General Elton, you touched on a point a moment ago that I would like to pursue. The Army has requested an increase of more than 14,000 people in the Active Guard and Reserve Program. This amounts to almost 75 percent of the total requested increase of 19,000 personnel in this status from all the services.

The estimate is that the total cost for all of the services will amount to some $510 million in fiscal year 1986. The Army's share would be $380 million. If your request is granted, there would be some 45,000 personnel on full-time duty with the Army for the support of the Reserves.

These people are not counted in the end strength of the Army, but as a practical matter they are not distinguishable from the Active Army, except that they do not have to make permanent change of station moves every 2 to 3 years, they do not have to serve overseas, and they, most significantly it seems, on the average are costing the Army about twice what it would cost if active duty end strength were merely increased by 45,000, largely because they are senior rather than accession personnel.

The question that is raised is are the taxpayers really getting their money's worth from this program? It is expensive. It does seem that at least compared with an increase in end strength it is expensive. Who has the responsibility for management of the AGR Program in the Army and what response would you make to the question about justifying it from the standpoint of the taxpayers' dollar?

General **Elton**. Well, Mr. Chairman, the AGR Program with regard to its effectiveness and efficiency is one that is extremely important to us. As you have seen, the growth of our Reserve components continues and very shortly will surpass that of our active forces.

In fact, as of right now the Reserve components provide 50 percent of the Army's combat unit capability, almost 70 percent of the combat support, and again close to 70 percent of the combat service support. And even in our special operations forces it is about 65 or 66 percent. That is a considerable change from the past.

So those who feel that in the past while we had a sleeping Guard and Reserve really have got to take a good, hard look at the missions that are being given to these units and to the people and the training that they are going through primarily since the mid-1970's.

In the past many of those units were kind of follow-on units and would go after the initial active divisions had deployed. Today that is not the case. Many of those units will deploy with our active components, and some will even deploy earlier.

We are trying to be very precise with where the members of the AGR are placed so that they can be best utilized to provide their experience and their expertise to enable those units to, in the short time available for their training, train up to that high capability that is needed for deployment.

With regard to the taxpayer receiving their money's worth from the program, I believe that they are. However, I do not think that any program is without room for self-scrutiny, and I think that the Army is doing that. Our Forces Command is looking deep inside the total requirements for Army Guard, Active Guard and Reserve units, and each year are refining that total number. So that as you get the numbers each year for the budget, that is a revised, rehoned number that is a submission from commanders in the field of their requirements.

The other aspect that you mentioned—who is managing the AGR—since we have the Guard units that belong to the Governors, those are being managed by the National Guard Bureau and by the Guard themselves. The USAR members of the active Guard and Reserve are being managed by the new Army Reserve Components Personnel Center in St. Louis.

We have in fact got a personnel management regulation that is close to completion which will provide for those individuals a solid career program, would establish a competitive board, for example, for selection, a prescribed military education requirement for each grade, as is done in the active component. It would require them to complete service school instruction in residence rather than by correspondence.

These kinds of things are all moving to make that an even more professional force of which this country can be proud, and I think definitely one that is desperately needed to make sure that those Reserve component elements are prepared.

INDIVIDUAL READY RESERVE (IRR)

Senator WILSON. General Elton, we have heard much recently about increases in the size of the Individual Ready Reserve and particularly the Army's. You note in your statement that by fiscal year 1986 the Army IRR is predicted to increase to 295,000.

Last week we heard testimony from the Assistant Secretary of Defense for Reserve Affairs, Secretary Webb, that a substantial portion of this number is composed of persons who for one reason or another were found not qualified for Active military service. We also heard that the addresses of a large number of the people counted in the Army IRR are incorrect and that these people simply would not be readily available in the event of mobilization.

And, finally, this weekend committee staff visited the Army Reserve Component Personnel and Administration Center and the Army Reserve Personnel Center, which you just mentioned, which are co-located in St. Louis. I understand that the mission of the Reserve Personnel Center was transferred to the Army Reserve last year, while the mission of the Personnel and Administrative Center remains under the Active Army.

Based on the staff visit, the impression given was that there appears to be some friction between these two organizations, with the Regular Army's Personnel and Administration Center focusing primarily on numbers and bare bones mobilization information, while the Army Reserve Personnel Center sees its mission as managing the people and the quality of the IRR.

Would you care to comment on that?

General ELTON. Well, Mr. Chairman, which of those three do you want first?

Senator WILSON. Let's take them in order.

QUALITY OF IRR

I think the first question would be one that relates to the quality of the IRR, the fact that Secretary Webb when he was here noted that a great many of these people were not found qualified for active military service.

General ELTON. All right, sir. As you know, the strength, we hope to grow to about 295,000 through fiscal 1986. Approximately 40 percent of the current pool that we have, which is about 285,000, consists of soldiers who are either transferred from the Active component in lieu of discharge, or transferred from the Reserve component units for unsatisfactory participation, in other words, they just missed some drills or have had some other reasons for which they had to drop out of the participation with the unit.

Now, if we look at the first category, the transfer in lieu of discharge, about half of those soldiers are transferred for performance reasons, in other words, entry level separation or expeditious discharge. A very thorough screening takes place before a soldier is transferred in that particular category, and less than 15 percent of all the soldiers that are separated from the Active component for performance are in fact transferred, so that a commander makes a conscious decision that this particular individual should or should not go into the IRR, in other words, that they do or do not have potential for service.

They still have an obligation, and so the commander must make a conscious decision whether or not that particular individual should either fulfill that obligation or be summarily dismissed.

With regard to the other half of the transfer in lieu of discharge, we have got soldiers who have absolutely nothing wrong with their performance but who are transferred for circumstantial reasons, some kind of hardship perhaps associated with their employment or in the case of some of our female soldiers for pregnancy, so they can have the delivery, and then, without being involved with the rigors of constant attention to the unit. They still are serving, they still desire to serve, and there is no reason why they cannot in fact, if the country calls, serve in a satisfactory way.

I think the other question, as we look at the total number of that breakout, it really is not as significant as one might think. There are about 57,000 unsatisfactory participants, or those who have not in fact finished or do not meet all the requirements with regard to duty drills, and then about 45,000 transfer in lieu of discharge soldiers which we talked to in those particular categories.

Now, the other question that you had I think that was key before we addressed the management of all this was what about the availability in the event of mobilization of the soldiers, how many of the IRR, how many do you think would be available and report to defend their country.

Now, we have not tested that, of course, and I guess that it is probably not a good idea to do that, we expect a 70-percent yield rate for enlisted soldiers that are in the IRR and about 90 percent for officers.

Now, we have talked to some, and we have had many, many of them involved with training, affiliated with units. That has given us a factor of 70 percent for soldiers and about 90 percent for officers. So, that means that of the 285,000 we have today, that translates to about 200,000 to 207,000 who would report for mobilization stations.

Now, out of that particular number, about 8,500 right today will not have a military specialty and they will have to go right to the training base. So, they will not be utilized until, of course, they go through training. We have got about 70,000 who have been out of the active component for less than a year, and so they are considered fully trained, and they would report and respond, we feel, in good fashion.

And then, of course, the training of the other members of the IRR vary based upon their years in the IRR and their time away from the Active component. We figure that of the 207,000 to be available upon mobilization, at least 100,000 are considered fully ready for assignment, and this includes, of course, the enlisted plus about 43,000 officers that comprise that particular grouping.

MANNING

Now, the last question that you had had to do with manning. And as you are fully aware, the enhancement to the Office of the Chief of Army Reserve told them that they were to manage, in fact, the IRR during peacetime, their careers, and in addition to that, the Active Guard and Reserve. And so those functions have been transferred successfully to a new Army Reserve Components Personnel Administration Center in St. Louis. They are in the same building.

The question is, why two organizations? The rationale for two organizations right now is under study. I have personally put the commander of the Reserve Components Personnel and Administration Center on a study in December and charged him with examining all the different aspects that surround combining those two organizations once and for all and under whose control they should operate, so that when this country mobilizes, that all those soldiers will respond in the proper way and through the proper personnel management system so they will go to the right place, they will get trained in the right skill and be able to assimilate themselves properly into the Active Force which will be growing by leaps and bounds at that time.

And he is due back in to me here in the next month or two. He has met, or course, some parochial resistance with regard to changes. We are going to fight through that smoke, and we will get down to it and I believe settle the mangement of that once and for all. RCPAC right now controls mobilization, and ARPERCEN controls personnel management. That is the way those are basically separated.

Senator WILSON. When he comes in to you with that report, I would suggest that based on the staff experience over the weekend on this visit, that you look in particular for what seems to be a discrepancy. It seems that at the administrative and personnel center, they are dealing with the numbers and they are being told by the Reserve Center that your numbers are not good. I mean, we know they are not good, we do not rely on those numbers because those people are not there.

So, I think there has to be some reconciliation.

General ELTON. Fine, sir; we will get right on it.

Senator WILSON. Senator Glenn?

Senator GLENN. Thank you, Mr. Chairman. I am sorry I have had to be in and out. We have another committee meeting running around the corner here, so I have been shuttling back and forth.

Senator WILSON. That is our way of life.

QUALITY GOALS ESTABLISHED

Senator GLENN. General Elton, last year you told the subcommittee that the Army needed to have 67 to 72 percent of its recruits score in the AFQT categories I-IIIA. This year your testimony says that the Army's accession goals is to recruit 59 to 63 percent of its accessions from AFQT categories of the same thing.

What has changed since last year, and how were these new quality goals established?

General ELTON. Thank you, sir; I appreciate the opportunity to comment on that because we have done a tremendous amount of work, not just here in Washington but in the field with the TRADOC—that is the Training and Doctrine Command—school commandants who are responsible for every single skill and the training and development of all those skills.

First of all, I would like to modify that original percentage requirement. We said that initially we should have about 65 to 67 percent we thought in the upper mental categories.

Senator GLENN. I-IIIA is what I am talking about on this.

General ELTON. Right, and this year we have changed that number from 59 to 63 percent.

Now, we did that based upon going back to the school commandants last year and over this last year giving them a new methodology with which they can compute the requirements, first from the noncommissioned officer corps, and back that up to the recruit requirements in the upper mental category.

We asked them to include the requirements based upon the new weapon systems that are being fielded, and they have woven that into their calculations. And that along with the new armed forces vocational aptitude battery test, which started on October 1, enabled us to drop our requirements from 59 to 63 percent.

At the current time we are resourced at 59 percent. We would like very much to have our recruiting command contract up to 63 percent.

Senator GLENN. OK.

Obviously, when there is a reduction of requirement like that, it raises some question as to whether the Army is setting goals they think they can recruit or setting goals as to what they really need. And I presume that this was done then, not with just trying to see what you thought you could recruit to meet a goal there, but is really designed to do the job that has to be done with each weapon system?

General ELTON. Yes, sir; I appreciate your clarifying my comments on that because that is exactly the way it was done. We told those school commandants, the major generals in charge of each of the branches, no holds barred, we want to know exactly what that skill requirement is. And when they got back to us with each of their submissions and we put them all together, that is the way it came out.

TANK CREW PERFORMANCE

Senator GLENN. Here in chart 5 in your presentation, the tank crew performance I thought was interesting. I know everyone here does not have a copy of that, but it was rather interesting in comparing the M-60 tank and the M-1 tank and your crew AFQTs I-IV, and under the M-60, when you move from a crew AFQT of I, you in training have a kill ratio of 10.23. When you go down to AFQT category IV, you have reduced that kill ratio to 5.84.

General ELTON. Yes, sir; that is correct.

Senator GLENN. And that shows obviously why we need the higher class people on some of these systems. But it was rather interesting on the M-1 there where with an AFQT of I, you have a 12.75 on the M-1; with a category IV it only degrades to 10.72, which I thought was very, very interesting.

The only conclusion I could draw from it was that sophistication can lead to some simplicity, but if the equipment is reliable, it can be simplified enough so that perhaps you have a better capability. In other words, you are designing around a lack of AFQT in effect.

General ELTON. Sir, that is exactly what happened. The M-60 tank has been with the U.S. Army for a long time, and we have upgraded it and modernized it and product improved it through many, many different versions, and this M-60 is the M-60A3 which is the latest version, but still it has the same turret and the same confirmation inside that turret which causes a number of things that the lower mental category youngster in comparison with the upper mental category youngster just does not do sequentially well.

On the other hand, in the M-1 tank we have made that, if you will, through a lot of human factors research, more user friendly. I hate to use that word because it is kind of a computer buzz word. But the point is that there is a computer, of course, in that M-1 tank, and the ability of the young man to operate that tank in excess of his capacity to do the same thing in the M-60 tank is considerably improved, especially at the lower mental category.

So, we are quite delighted with these results. We are still testing. These results come from over 1,100 tank firings at the Graffenwaehr training area in Germany, but we are still refining that.

Senator **Glenn**. Was this a conscious thing you went into on this, or was this just something you lucked into?

I am not being nasty on this. What I am asking is whether you really analyze your weapons systems like that or not, so that they can be operated by less qualified people. I would be interested in having for the committee any information you can give us on that or other Army systems that either support or contradict the striking difference here between the M-60 and the M-1.

Do you really design with that in mind?

General **Elton**. Sir, I believe that they did. However, I would hate to say that there was not also some luck involved because before we fielded that M-1 tank we sent an awful lot of soldiers through it to make sure that that turret was soldier oriented. So, I would be happy to provide for you information exactly what was done to make that design simpler for use.

Senator **Glenn**. I would appreciate that. I think it is very interesting if you can do that on various weapon systems. I know there would be a limit to how far you could go with this, but if you can partially design around lower AFQT lessened capability, that is a big thing.

[The information follows:]

M-60 VERSUS M-1 HUMAN ENGINEERING

General **Elton**. Several factors account for the striking difference in gunnery performance in the M-60 and M-1 tanks. One important factor is the improved fire control and weapon stabilization systems in the M-1, another is the improved stability features built into the gunner's crew station, especially the gunner chest rest. A third highly significant improvement is the simplified fire control system in the M-1. The gunner need accomplish only three tasks to engage a moving target, whereas the M-60 gunner must accomplish seven. The Army is consciously trying to design weapon systems that are simple to operate. Another good example of this is the Multiple Launch Rocket System [MLRS] which is a highly automated system with minimal dependence upon the soldier to meet mission requirements. Other examples are the UH-60 and AH-64 helicopters which not only have increased capabilities but embody features that improve pilot performance and make them easier to fly than their predecessors. However, the data relating the difference between M-60 and M-1 gunner performance to the mental category of the crewman is a unique set of data. We do not have similar data for other Army systems.

We are working hard to improve our ability to make the design of weapon systems better complement soldiers' abilities—both mental and physical. Within the Army we have a program called MANPRINT—Manpower, Personnel, Training, and Human Factors integration into system development. I wish I could report that we have mastered all aspects of this very difficult problem for all systems under development, but I cannot. What I can report is that we are dedicating a great deal of effort to this program and we are making improvements.

NAVY'S OVERALL RECRUIT QUALITY GOALS

Senator **Glenn**. Admiral Lawrence, can you give us some idea of the Navy's overall recruit quality goals and how were they established?

Were they established like General Elton said they did in the Army?

Admiral **Lawrence**. Yes, sir, essentially the same. There are two fundamental criteria that we assess when we develop our recuriting goal. We use the high school diploma as an indication of survivability. We have learned over the years that high school graduates are more likely to complete their enlistment. We use the AFQT score, the Armed Forces Qualification Test score, as an indication of trainability. We try to get the best balance between those two that we possibly can.

Our most recent goals indicate that with about 60 percent of our recruits in the upper three mental groups, and between 75 to 79 percent high school graduates, we can adequately man the force to do the jobs that we must do.

These quality standards are based on a very careful analysis of the skill required in the various ratings in the Navy, the operational specialties in the Navy, and the training required to achieve those skills.

Senator **Glenn**. Have you been as successful in the Navy designing around some of the lack of skills as this M-1/M-60 tank thing would indicate?

Senator **Wilson**. The question is, is the Navy user friendly?

Senator **Glenn**. User friendly. That is a good way to put it.

Admiral **Lawrence**. In fact, that is exactly right. I do not object to that buzz word. That is what high tech is supposed to do. It can only get so small and so fast. And the real advantage that it holds I think for us in the military—and I might say, for civilian marketing as well—is to make it a whole lot easier and simpler to use.

And for those that wonder if that is a luxury that we cannot afford, I would suggest that this tank crew performance table is a rather remarkable document, and I think there could be a couple more columns on it that relate to enhanced survivability of tank and crew, because the fact that it can be used more simply means it can be used more quickly and with greater confidence.

And on the battlefield that probably translates into lesser casualties as the reverse implication of a higher kill score.

Senator **Glenn**. But as you go out here and go that direction, too, you had better be sure you have reliability built into all these automatic systems, or this kid is supposed to push one button and have everything happen automatically and is out there with everything hanging out.

You had not finished your statement yet, Bill. Did you want to continue?

Admiral **Lawrence**. My opinion is we have perhaps not used technology enough to simplify the operation of weapons systems. I think we have perhaps put more emphasis on achieving increased capability. Simplicity of operation in our systems is an area that we are trying to emphasize to a greater degree in the Navy today, and I think we can do a lot better.

Senator GLENN. Well, your recruit quality goals are remaining about the same? You have not changed your status up and down much?

Admiral LAWRENCE. No, sir. As General Elton pointed out, the Army did a renorming of the AFQT scores, and that is why you see these lower scores, but the Navy has not changed its quality goals.

Senator GLENN. I see you have a different problem in the Air Force.

Are your goals up and down or sideways?

AIR FORCE RECRUITING GOALS

General CASSIDY. Our goals are about the same, Senator. We recruit for the job, as you know, and we have gone through each of our Air Force specialty codes, the AFSC's, individually, and rated those by difficulty, difficulty of training and job application, given a numerical code to that, and then indeed we recruit to that job. So we do have a different problem, but we have not changed that much at all.

As a matter of fact, we have found ample quality out there to do the jobs we need. As a matter of fact, we are probably a little bit above that quality than we actually need. If we were to slip a little bit, it probably would not hurt us.

We are very happy with the way it is. We are on the right side of the curve.

MARINE CORPS RECRUITING GOALS

Senator GLENN. General Maloney, would you address that in the Marine Corps? I know the Marine Corps went to high school graduates, trying to get almost everyone if you possibly could.

What are you doing in that, and have you changed your goals in the last year or so?

General MALONEY. No, sir, Senator, we have not changed our goal. We still think that quality is good, it begets quality.

A primary objective in getting high quality marines that are high school graduates and score high on our tests is a long-term commitment. We are able to offer these recruits incentives and enlistment bonuses that allow us to sign them up for a 6-year enlistment. High quality and continuity are needed even in the infantry skills although they are considered soft skills because of training time. However, nobody ever said being an infantryman was soft, sir.

The fact of the matter is we need quality in the infantry squad as well as behind a radar scope because we build our leaders in the infantry squad through the fire team corporal, the sergeant squad leader, and the staff sergeant platoon sergeant.

So we need quality across the board. We believe we are attracting and keeping quality in the numbers and the percentages that we need, sir.

PILOT RETENTION A PROBLEM

Senator GLENN. In some of the upper skill levels, pilot retention is becoming a bitter problem. Admiral Lawrence, I think you are probably concerned about that in the Navy.

Would you address that briefly?

What is happening with airline hiring? Do you go up and down?

I guess first, just so we have it on the record here, do you have a figure on what it costs to train a pilot now and get a pilot ready for assignment to a carrier from day one to when he is ready to go?

Admiral LAWRENCE. We estimate that it costs approximately $1 million to train a carrier pilot from the time he enters primary flight training, goes through replacement air wing training and reports on board his squadron to fly off the carrier.

Senator GLENN. I want to come back to that in just a minute here to a figure on that for the Air Force?

General CASSIDY. It is about the same, sir. We use the weighted average figure for all aircraft of $750,000 to get the guy, or the man or the woman, from the time he enters UPT, undergraduate pilot training, gets his wings, and we put them through advanced training (that is about $750,000). Since we use a little different method than the Navy does, total costs including that advanced training would be close to $1.6 million for some of your more sophisticated systems such as the F-15 or F-16 aircraft. So we are very much in consonance with the Navy on that.

Senator GLENN. Well, there are different requirements for each service.

ARMY PILOT TRAINING COSTS

General Elton, what does it cost in the Army for pilot training? Do you have that?

General ELTON. Well, sir, with regard to helicopter training, which of course is our mainstay, the basic helicopter training is anywhere between $100,000 and $150,000. That gets them through the initial entry rotory wing training, and then they have modules depending on whether he is going to fly the Chinook or the Blackhawk or the Apache, Cobra, and so forth, which are additional costs.

Senator GLENN. Your $150,000 would not make him a combat pilot, though. It would not put him ready.

General ELTON. No, sir; that is just the basic rotory wing training, and then he is ready to go into an additional aircraft. He is qualified to fly the UH-1H Huey.

Senator GLENN. I think the main attraction for pilots has been an airline.

All right, we have some people get out from helicopter units, but I think most of the civilian helicopter pilots, if I am not mistaken, get filled up pretty rapidly, and we have quite a large supply in the military.

Has it been airline hiring that has been the main attraction for people to get out, Admiral Lawrence?

AIRLINE HIRING OF PILOTS

Admiral **Lawrence**. That appears to be the case. Last year there were about 5,500 new hires by the airlines and this year it is projected to be about 6,000. We have seen a significant upsurge in our resignations, about a 75 percent increase in the pilot resignations from fiscal year 1983 to 1984, and thus far this year it has been a 71-percent increase in 1985 over the last quarter of fiscal year 1984. Airline hiring certainly seems to be a factor in pilot retention.

If you look at the historical record, our retention rate in naval aviation has very closely followed the airline's hiring.

Senator **Glenn**. Yes, countercyclical.

What are you doing to try to retain more pilots? Do you have any program for that?

AVIATION OFFICER CONTINUATION PAY

Admiral **Lawrence**. Yes; a program that has proved to be very effective in pulling us out of the poor retention that we had in the late 1970's is aviation continuation pay—in fact, we were down to about 30-percent pilot retention in 1980—it really helped us to pull up, and we are now above 50-percent pilot retention.

So, we feel it is very important to continue the aviation officer continuation pay to help us attack this retention problem.

Senator **Glenn**. Excuse me. Explain what you mean when you say 50-percent retention rate.

Admiral **Lawrence**. The Office of the Secretary of Defense requires us to compute retention at the minimum service requirement point plus 2 years. Our most recent data on the group that met the minimum service requirement plus two in 1984 indicates 56 percent of those pilots decided to stay with us.

We are projecting that pilot retention will go down this year to about 53 percent.

Senator **Glenn**. How many pilots are involved with that that we are talking about?

[The information follows:]

PILOT RETENTION

Admiral **Lawrence**. The 1984 retention figure measured those pilots who reached their Minimum Service Requirement (MSR) in 1982. There were originally 647 pilots in this group of which we retained 364 (56% retention). The 1985 retention figure will measure those pilots retained with MSRs in 1983. There were also 647 pilots in this group. Based on actual separations to date coupled with requests received to separate through the end of the fiscal year, we will retain 343 of these pilots for a fiscal year 1985 retention rate of 53%. It should be pointed out that the MSR retention methodology does not necessarily reflect all pilot losses. For example, in fiscal year 1984, 276 pilots separated from the service through resignation or release from active duty requests. Of these 276 pilots, only 177 had MSRs in fiscal year 1982, 1983 or 1984 and will be reflected in the appropriate retention figure for fiscal year 1984, 1985 or 1986. The remaining 99 pilots who left had MSRs in fiscal year 1981 or earlier and their loss, though real, will not decrement any official retention figure. In fiscal year 1985, Navy projects a loss of 520 pilots, many of whom are leaving beyond the two-year MSR window. Of note, recent pilot losses have yet to reach the magnitude of separations experienced in the late 1970s of almost 1000 pilots per year. The aviation bonus, implemented in 1981, has, in large measure, precluded higher losses since many aviators are presently under bonus contracts. It is for this reason that continuation of AOCP is critical not only as a financial incentive for young aviators to remain in the service but also to provide manning stability through long term obligations during the retention critical years.

Senator **WILSON**. Gentlemen, I have some questions for the record, one for Admiral Lawrence having to do with civilian personnel management in the Navy, and one for General Maloney having to do with officer grade distribution, and one for General Cassidy on contracting out in the Air Force.

I will simply submit these to you and ask you to get back to us for the record.

Before turning this over to Senator Glenn, I would note parenthetically, Senator Glenn shares a sense of confidence that I have felt when General Maloney, notwithstanding the fact that he is wearing those wings on his Marine Corps blouse, pointed out that indeed it is not a soft thing to be an infantryman. [General laughter.]

I did a little quick research, and just as I suspected, he was an infantryman before he was an aviator.

Gentlemen, I am going to have to take my leave. Before I yield to the distinguished ranking member, I just want to express my gratitude for your presentation this afternoon, and we will look forward to working with you at much greater length.

Thank you.

Senator **GLENN** [presiding]. Thank you, Mr. Chairman.

I just have a few more questions and will not take but a few more minutes here. I thank you very much.

PILOTS LEAVING SERVICE

How many pilots getting out are we talking about now? I am thinking of that $1 million investment we have, and the minimum requirement time now for someone going through naval aviation is what? The training time plus what?

Admiral **LAWRENCE**. Five years.

Senator **GLENN**. Five years beyond training from graduation.

Admiral **LAWRENCE**. That is right.

Senator **GLENN**. What is it in the Air Force?

General **CASSIDY**. We are presently at 6 years after graduation, and we are going to 7. That is the requirement.

Senator **GLENN**. OK, what is the Army, General Elton?

General **ELTON**. It is going to 8.

Senator **GLENN**. Eight.

You are talking about retention rates. What else are we doing on that? Is the difficulty partly the time at sea, time away from families, rigors of Navy life? Is that a major problem?

Admiral **LAWRENCE**. It certainly is. The other services do not seem to be having the pilot retention problem that we are, and our retention problem seems to be concentrated in tactical air carrier-based, sea-based squadrons. I think the arduous nature of the duty, the separation from families, is the key factor.

Senator **GLENN**. General Cassidy, what are you doing in the Air Force?

General **CASSIDY**. Well, we are doing many things, Senator Glenn, because although we are not in any way near in trouble at the moment, we have seen a downward trend. As I mentioned before, we saw a swing from the very worst retention of pilots in history to the best in just 4 years, and we are concerned that it will go the other way again if we are not careful.

We are making some marginal gains or attempting some marginal gains in as many areas as we can, in command areas where we can do more things for our people, some things that we may have slipped away from in the good retention years, and all of our commanders, field commanders, are sensitive to that.

Also, I think the whole gamut of things that are going on now, the words that our pilots are hearing are causing the natives to be restless. They are concerned about retirement, and if for 1 minute anyone in Washington does not think they are, they should talk to some of our young pilots.

They are concerned about that. They are concerned about a pay cap. They are concerned about their status in the American country. When Members of Congress or people in Washington discuss things like that, they have a feeling that their worth or the worth of their job is down.

As you know, pilots are a fickled lot of people, and they like to be loved——

Senator GLENN. I resent that. [General laughter.]

General CASSIDY. And if they are not sure, sometimes we have drastic results. So, we are attempting to do many things, and certainly as we work our pilots harder and they are gone more, that has a great effect. We see the family having a bigger effect than it has ever had before. We should know that. We should intuitively know that, but it is very interesting the degree of effect that it is having.

Senator GLENN. General Maloney?

General MALONEY. Senator, the Congress in its wisdom some years ago allowed the Marine Corps and the Navy together the Aviation Officer Continuation Pay.

Senator GLENN. I want to ask something here.

Admiral Lawrence, do your figures on naval aviation include the Marine Corps now in that retention rate figures, or do you keep those separate?

Admiral LAWRENCE. We keep those separately.

MARINE CORP PILOT RETENTION HIGH

General MALONEY. They are separate, and in fact, because of the success of earlier allowances for Aviation Officer Continuation Pay, our retention program and problem was resolved. Accordingly, Marine Corps is not asking for the Aviation Officers Retention Pay at this time.

Our pilot retention is high, and we hope that we can keep it there, but we would also hope AOCP will remain available if we experience an exodus. Again, as all of us experienced in the late 1970's, 1977, 1978, 1979, and 1980. If we have that sort of thing again, we would like to be able to have on the shelf, if you will, the authorization to again exercise an AOCP.

Senator GLENN. Do you find in the Marine Corps an increase in the number of people getting out, pilots, that goes right along with shipboard assignment, deployment assignment and so on aboard ship? Does your retention rate decrease in those people who are assigned for a period of time in a squadron aboard ship, for instance?

General MALONEY. Our data is not quite that sensitive, Senator, but we are coming up on a period where we will have a substantial number of tactical squadrons deployed aboard ship, and we may, in fact, come close to experiencing the situation the Navy has. But right now we do not, sir.

UPGRADE IN ARMY PILOT RETENTION

General ELTON. Senator Glenn, with regard to retention in the Army, I might just add that even though we do not fly quite as fast as my colleagues do, the warrant officer force that we have who flies a great majority of our helicopters in the last 3 to 5 years have experienced a tremendous upgrade in retention.

It was about 4 or 5 years ago, it was less than 50 percent, and now it is between 80 and 90 percent retention, and they are looking forward to getting into the cockpit of the Blackhawk and the new Apache and the new AHP, these kinds of aircraft, plus the type of flying that they are doing.

So, I believe in that particular regard we are very fortunate.

I also want to correct myself and would like to submit for the record the specific number of years required. I think it is 3, not 8, but I am not sure because we did make a change. We wanted to increase it because of the increased cost-of-flight training. So, I would like to submit that for the record.

Senator GLENN. If you would, please, we would appreciate it.

[The information follows:]

ACTIVE DUTY OBLIGATION FOR FLIGHT OFFICERS

General ELTON. The current active duty service obligation for both commissioned and warrant officer aviators is 4 years from date of graduation from flight training.

Due to increased costs for the total flight training program, the active duty service obligation will increase to 5 years beginning with classes that start training on or after October 1, 1985.

We have also incorporated a 5-year reserve service obligation for those reserve component commissioned and warrant officers who attend initial entry flight training after October 1, 1985.

Senator GLENN. I would like to reverse the process here and ask if you gentlemen would like to add anything here because you are the ones most familiar with your problems.

Are there things brought up today that you would like to have on the record here that would benefit you?

IRR

General MALONEY. If I might, sir, thank you. On the subject of the IRR, which we spoke about earlier this afternoon, we would ask possible assistance in identifying addresses of that very mobile community of young pretrained manpower in the IRR. The folks are in their early twenties, just having finished an active duty tour in the Marine Corps, and they are without any requirement to keep the services informed of their address. Although a major source of pretrained mobilization manpower, they become hard to locate.

We would hope that with your support we could use locator information from other agenices within the Government, such as Social Security and Internal Revenue. Our exercises document our inability to locate this population in the percentages we would like, running at about 70 percent of responses on mailgram orders for active duty.

Senator GLENN. General Cassidy?

PILOT RETENTION

General CASSIDY. Senator Glenn, I would just like to add one thing with regard to pilot retention. We do believe that the aviation career incentive pay is a very vital part of retaining and getting pilots in the Air Force. The buying power of our last raise, which was in 1981, and ACIP, has been reduced just by simple inflation by about 12 percent, and we predict through some of our modeling that by 1987 we will need some increase in ACIP.

And I would like to make a matter of record that we do believe at that time that the buying power will have been reduced by about 20 percent.

We would like to come back to you with some proposed legislation which would indeed bring that back up to where the buying power was when the act was enacted.

Senator GLENN. Fine.

Admiral Lawrence?

RETENTION OF NUCLEAR OFFICERS

Admiral LAWRENCE. I would like to add, that although we have aviation retention difficulties right now, perhaps our most serious officer retention area is our nuclear officers. Our number of nuclear ships is steadily increasing as our new construction program proceeds, and we really need to address some compensation initiatives to help us in retaining more of our nuclear trained officers.

Senator GLENN. Good.

General Elton?

GI BILL

General ELTON. Senator Glenn, I would like to ask that the committee look very carefully at the new GI bill. There are some recommendations that we have asked through the Secretary of Defense, and all of us have agreed to, that we would like to see some changes made to the bill now that it is with us, and we are working very hard to get it on board and make sure that American youth understands it clearly. We want to go forward in a positive way on it.

One of the things that we would like to ask the committee to think about is the fact that if we could roll back the start date of the enactment of Congressman Montgomery's bill, it would ease us in transitioning into the GI bill, and it certainly would help our recruiters on the street who are now wrestling with the veterans educational program and the forthcoming GI bill.

Another aspect right now, a service member is an opt out, and so they must understand very early on in their enlistment of all the things that they would lose if they do not decide to go on with the GI bill. On the other hand, if they decide to go on with the GI bill and contribute, and then further down the road decide that that is not a good idea, that money is sunk. And we think that probably that is not necessarily a good idea, that we ought to really allow that individual at least to have a one-time refund on that money.

There was a third suggestion that came from all of us, and that was rather than require it to be $100 a month for 12 months, why not either/or $100 for 12 months or maybe $60 for 20 months, in other words, reduce that initial pay for the young soldier who is least able to afford $100 full.

And then finally, we would like to let the service member take a little longer to decide, rather than the first few days of his enlistment, which is a little hectic, perhaps a little bit longer to decide he can get some good advice from his commanders and senior noncommissioned officers as to what he would give up if he did not do it.

And then I guess the last one is there has been a question if the Veterans' Administration pulled out or if something happened, would the services be willing to fund the basic GI bill?

Senator GLENN. If it did not come out of the VA budget, if we transferred it out of the VA budget to you, would you want it?

General ELTON. Yes, sir, if they had to launder that money over to us, that would be fine, but I do not think that will happen, and I just think that all of us would really have to relook that whole issue, and I would hope that that would not happen.

Senator GLENN. Well, that is one that we can certainly look into. I had the Senate version of that here last year. It was my bill, and Congressman Montgomery had his version over in the House. We combined them and it wound up as the Montgomery-Glenn bill or Glenn-Montgomery bill I guess I would call it over here. But we were very much involved with that, and we thought it would do some good. We did a lot of consultation with the Pentagon and people in the Army and so on, as you are well aware, before the bill went through.

But we have to make some improvements in it. If we can make it more effective, why, that is what we want to do.

RETIREMENT FORMULA

Just one other remark. You mention the people looking at retirement and thinking about it, and does it have an effect. I know from my own experience, although it is getting to be ancient history now, but back in those days we looked at our reduced pay and we accepted that even though we could have made more on the outside, we looked at it as deferred income, and we talked about it that way.

General CASSIDY. That is exactly right.

Senator GLENN. And the way we looked at it, anybody that tried to mess around with my retirement formula back at that time, I would have looked at it as though the Government was breaking a contract with me and breaking faith with me.

And if that is taken into account, I do not have any quarrel at all with people who want to consider some new retirement plan or something that is going to change the retirement benefits.

If Mr. Stockman and all of his crowd over there think this is horrible and this is some sort of a big ripoff of the country, and everybody is living on a gravy train in the military, I think all they should do is go over and volunteer, get on the gravy train, and then when war comes up, why then they will be on that gravy train, and we will see how much of a gravy train it turns out to be.

But the point is I do not think the Government can break faith with its people. If you want to bring new people in and say you are coming in, you fellows, ladies and gentlemen, are coming in here on a new basis and your new retirement benefits are going to be this, and you know that going in, and you are still signing up, OK, that is a new basis.

But you cannot take people that have already retired and in their declining years a lot of times, people that have had a full military career, and then suddenly change the ballgame on them and say, you know, you have been receiving X a month that you thought you earned back there. Now we have just decided we are going to cut that in half or whatever. Go fend for yourself beyond your working years.

And that to me does not sell. I am not committing myself to whatever I might do on anything that comes up, but that is just my general attitude on this. I do not disagree with a changed retirement formula if that is what Mr. Stockman and all of them want to propose. We will consider that. And then people that are coming in know what they are getting. But to change the ballgame after people have spent their careers in it I think is unfair.

I would invite you to do one other thing, gentlemen, if you want to. If you get back and you think of things that you think are important for your service or important for the country and you want to submit another statement of one kind or another on things that you think we have overlooked or that you want to clarify, feel free to submit a statement for the record, and that will be included in today's hearing record.

[Questions with answers supplied follow:]

Questions Submitted by Senator Pete Wilson

COMMUNITY AND FAMILY SUPPORT ACTIVITIES

Senator Wilson. Each of you has commented on the services' increased emphasis on family service or support centers. In fiscal year 1986, the Air Force will have 50 family support centers in various stages of development, the Navy will have 64 family service centers in operation, and the Marine Corps has 18 centers in operation.

And General Elton, in your written statement you make the statement: "Child care is a readiness issue." You also note that the Army is requesting construction of 19 child care centers in fiscal year 1986 alone, and that the Army has requested funding for its family support programs, not counting family housing, of more than $321 million.

I have several questions in this area. First, why do the services think it is important to budget these substantial amounts of money for community and family support activities?

Army

General **Elton**. It is important for the Army to budget for community and family support activities because 54% of our service members are married. Spouses and children of our soldiers total over one million, with over 300,000 children under six years of age. In 1962 only 13% of our privates, E1's, were married. By 1984 the percentage had increased to 26%.

When soldiers enlist in the Army they agree to an "unlimited liability contract." No other employer requires this level of obedience, to include possible sacrifice of life. We feel that our soldiers should be able to share in the quality of life which they are pledged to defend.

Because of our world-wide missions, soldiers and their families are not always able to be near the traditional extended family for support. In overseas locations many family support systems are not available outside of Army installations. We feel very strongly that soldiers distracted by problems at home, and unable to turn to some agency or activity for help, will not be able to function at the required level of efficiency.

Navy

Admiral **Lawrence**. Navy believes that it is both ethical and practical to improve the quality of life for Navy members and their families: ethical because it's the "right thing to do", and practical because we need well trained, motivated Navy men and women to operate our Navy.

The family support programs focus on improving operational readiness by helping our members meet their personal needs and family responsibilities. The welfare of our personnel and their families is critical to our success in achieving and maintaining a fully manned force. The geographic instability and family separation which are part of a naval career made availability of sifficient family support, child care and youth recreational services crucial to maintaining the standard of living and morale of our men and women.

Properly managed family support programs, including youth recreation, can help deter substance and child abuse, suicide, delinquency and vandalism. The youth of our military represent a high quality source of recruitment.

Sailors are required to spend a great deal of their time at sea and are frequently unable to be with their families in time of need. Each day the Navy has the equivalent of 84,000 single parents while their spouses are at sea. Without secure knowledge that their families will be safe and well supported in their absence, it would be impossible for our men and women to give full attention to their duties. This is corroborated by the British House of Commons report on the Falklands Conflict which stated that "There is . . . a sense in which families' morale does affect service morale in that, sooner or later, unhappiness at home will work its way through the servicemen doing the fighting and undermine their commitment to war. . ." In order to offset the hardships indigenous to Navy life, it is necessary that we maintain a quality of life equivalent to that of the society we expect our personnel to protect.

Air Force

General **Cassidy**. The funds that are currently budgeted by the Air Force for community and family support activitis are not substantial amounts of money by any stretch of the imagination, and when compared to other funded programs, are minimal monies.

The Air Force believes this commitment of funds to community and family support is critical. Funds diverted to Quality of Life initiatives, are a sign of commitment by the military to our families that they most certainly do contribute to the mission effectiveness and readiness of the military throughout the world, and are considered a small investment in the future well being of our defense posture.

As an example, Air Force Family Support Centers (FSCs) are being used by field commanders to identify and help meet the changing needs of military members and their families. FSCs are a key tool, used by the Commander, to improve work and productivity and retain high quality career members. FSCs, therefore, are a sign of commitment to quality of life issues affecting military families, and in so doing, are significantly impacting the ability to accomplish the military mission and improveing readiness.

Marine Corps

General **Maloney**. There is a direct correlation between military and family support provided through community and family support activities and in morale, retention, and combat effectiveness. Our family service centers help Marines and their families deal with those unique problems and situations found in military life. Our Family Advocacy Program helps families in stressful situations.

COMMUNITY AND FAMILY SUPPORT ACTIVITIES

Senator **Wilson**. Second, do any of the services have any empirical evidence which shows that the services are getting any return on their investment in this area, and if so, what is that evidence?

Army

General **Elton**. There is a shortage of empirical evidence to validate the returns on our investments. However, there are studies, both military and civilian, which show the effect of the work environment on the family, and vice versa. Noy's study of the Israeli War points out that 80% of battle stress casualties had pre-existing stressors at home, such as birth of a child, recent marriage, or death in the family. A civilian study shows the stress of relocation ranks just below the death of a family member in impact on the family. The results of a 1983 Army Soldier Survey indicated that more than 56,000 enlisted and 13,000 officer families lost duty time because of difficulty in obtaining child care. A similar survey in 1984 reported that 50% of soldiers experience problems at home because of job duties.

During our deployment to the Sinai, the first battalion to deploy provided minimal support for families remaining at or near the installation. Of the 600 soldiers deploying, fifteen were required to return to their home station because of family problems. The second battalion to deploy formed family support groups to assist the families during the deployment, and only one soldier was required to return to the home station due to family problems.

Because of the shortage of empirical evidence, we have asked for $6.8M to fund family research and evaluation to determine whether our programs are meeting the needs of soldiers and families, and to determine the impact of our programs on readiness and retention.

Navy

Admiral **Lawrence**. Navy has conducted an informal survey of seven Family Service Centers (FSC) to obtain samples of their impact on fleet retention. Results are impressive: 39 personnel (31 enlisted, 8 officer) were identified as documented cases wherein the servicemember reversed an earlier decision to leave the Navy, due to specific assistance from an FSC. Although there are many Navy programs designed to influence retention, these servicemembers perceive, in effect, that the FSC retained them—and that is the message they will pass on to their peers, seniors and subordinates. If the Navy had to replace these particular 39 servicemenbers, the cost would be approximately $7 million.

During April-June 1982, Navy sponsored an evaluation of Family Service Centers by an independent contractor. The contractor evaluated four sites (Naval Base Charleston, Naval Air Station Jacksonville, Naval Support Activity Naples, Naval Station San Diego), providing a cross-section of all warfare communities, and overseas and Continental U.S. locations. The evaluation centered on determining the impact and benefit of the FSCs, and assessing the potential aggregated benefits of the program.

In 191 interviews, the contractor surveyed Navy commands (Commanding Officers, Executive Officers and Command Master Chiefs), clients, civilian and military service providers, and FSC staffs.

Eighty-two percent of clients interviewed has referred others to the FSC.

Over two-thirds of the clients were more positive toward Navy.

Ninety-eight percent of command personnel were satisfied with the FSC.

Ninety-five percent of command personnel perceived a positive impact of the FSC.

Due to FSCs, Navy commands cited reduced workloads for command personnel, improved worker productivity and reduction in emergency leaves during deployments.

The study concluded that the Family Service Center stands as a major symbol of the Navy's concern and support for Navy members and their families.

Navy has also conducted the first phase of a pre-/post-test impact evaluation of FSCs. The entire project is designed to assess and document the effect that the establishment of an FSC has on individual and command Quality of Life (QOL). Since it is difficult to quantify QOL, indicators such as performance, productivity, retention rates, amount of family dysfunction, rates of alcoholism and drug abuse, and unauthorized absences are included among those generally used and accepted.

The first phase developed a baseline "picture" of each of eight representative bases. This baseline picture will provide the background against which to measure the full range of impacts and benefits which occur as the result of an operating Family Service Center. The post-test phase will investigate and document changes in command and individual QOL facilitated by the FSC.

The tremendous response to the Navy Family Service Center (FSC) Program is demonstrated by the fact that over 725,000 individuals were served by our Centers during a recent twelve month period. We are finding that Family Service Centers are an effective command tool with a positive impact on retention and readiness.

Air Force

General Cassidy. Yes, there is definite evidence that indicates a high return on our investment.

There is a positive and productive working relationship among Air Froce commanders and Family Support Center (FSC) staffs allowing commanders to devote a more equitable amount of their time across a broader spectrum of duties and responsibilities. Commanders with Family Support Centers on their bases report improvements in their unit morale, performance and other readiness factors, leading to improved retention rates, increased commitment, reduced dependent early return rates from overseas and reduced Inspector General complaints.

Recent Quality of Life surveys have indicated that 70 percent of Air Force active duty personnel, currently considering a career, state they would leave the Air Force if their spouses and families were dissatisfied with the Air Force way of life. These surveys also indicate that spouse and family support for a military career is three times as important as pay, and twice as important as policies and treatment by superiors.

At the recent Air Force Worldwide Retention Conference, it was pointed out that overall enlisted retention rates have shown a dramatic increase of 3% across the board at bases that have an established Family Support Center, compared to bases that don't. This is significant when considering the fact that the Air Force community currently stands at an excess of 500,000 enlisted personnel.

And finally, the latest figures for Inspector General complaints have declined from 40 to 70% at those bases which had perviously implemented prototype Family Support Centers.

Marine Corps

General Maloney. These programs are difficult to quantify. Empirical data is not available since programs are only about a few years old. Evaluation studies are only now beginning. For example, a DoD survey is underway to determine perceptions of spouses and active duty members about quality of life issues, family issues and separations. Also, in October 1984 we began a new exit survey for personnel leaving Marine Corps.

DUPLICATION OF FAMILY SUPPORT PROGRAMS

Senator Wilson. What mechanisms exist to ensure that the services being provided by these family support programs are not being unnecessarily duplicated on installations which could be served by programs of another service at a nearby installation?

Army

General Elton. Resources are requested and family support programs are developed based upon population to be served. Installations submit Program Analysis and Resource Reviews (PARR) which are reviewed by Major Commands and then by Headquarters, Department of the Army. The Office of the Secretary of Defense coordinates thru sub-committees for each major program. As needs are currently far greater than resources available, duplication has not been a problem. Where feasible, joint service programs are operated. An example of a joint program is the Aliamanu, Hawaii family advocacy program—Service Assistance for Family Environment (SAFE)—which is operated jointly by the services to families.

Navy

Admiral **Lawrence**. Internal Navy directives require that family support programs make maximum use of existing community (military and civilian) resources. Specifically family support programs are instructed not to duplicate adequate and accessible community resources. FSCs provide only those services not offered or not of adequate quality in the military or civilian communities. Navy must provide child care because civilian child care centers generally can not meet the needs of Navy families due to high charges, limited or no hourly care, no infant care and the transient nature of military life.

Navy family support programs are subject to command inspection, headquarters oversight and other review processes, these procedures ensure that Navy's family support programs with existing directives regarding non-duplication of resources.

Where feasible, Navy works with the other services. For example, a joint Navy/Marine Corps FSC has been established in Okinawa, Japan. A second example is the Job Resource Center pilot project in San Diego, California. This spouse employment program will serve both the Navy and Marine Corps.

Family Service/Support Centers serve the families and members of other services (including the Coast Guard) who may be attached to their respective installations. The services exchange family support program ideas and plans, and are committed to continued collaboration in this area.

Air Force

General **Cassidy**. The basic charter of the Air Force Family Support Program focuses around the fact that, first and foremost, the Family Support Center (FSC) is a "one stop shopping center" for family issues and concerns, designed to be primarily an information and referral agency and located at the hub of already existing programs conducted by service providers, both on base and within the local civilian community. Family Support Centers are designed not to duplicate any already existing programs. They simply act as an initial screening point, whereby a family can become acquainted with and referred to existing services.

At overseas locations, as well as some areas in the Continental United States where these service provider programs are not available on base or in the local civilian community, the FSC staff is qualified to implement a program to remedy the problem(s) of military members and their families.

Family Support Centers are additionally authorized and chartered to provide service and programs to sister service personnel as well, but only if such personnel reside in the local vicinity of the base and have no existing family support networks within their own service community.

Marine Corps

General **Maloney**. In areas where we can establish joint centers, we have done that; for example, Okinawa is quadservice, and Norfolk is Navy-Marine Corps. Marines, however, are generally located where another military base is not nearby and in many instances civilian resources are not available to provide the needed family services. In these cases we provide our own Family Service Centers.

NAVY CIVILIAN WORK FORCE MANAGEMENT

Senator **Wilson**. Admiral Lawrence, you along with the other Chiefs of Personnel, have urged that this subcommittee permit the services to continue to operate without civilian end-strength because of, among other reasons, the increased flexibility to manage the work force based upon workload as opposed to some ceiling.

Yet within the last couple of weeks the Commander of Naval Sea Systems Command has ordered an immediate hiring freeze at Navy shipyards which may have the effect of some slippage in some currently scheduled overhauls.

Additionally, I understand that a reduction-in-force of 49 personnel has been approved at Long Beach and that additional reductions in force at Long Beach and other Naval Shipyards are being considered.

Would you please explain the reason for these actions and how these actions in the middle of the fiscal year fit in with the Navy's claim that it can now manage its work force based on workload?

Admiral **Lawrence**. Our manpower estimates in the budget carefully match manpower levels to the level of funded program and associated workload. The personnel funding levels are therefore the most basic, and most flexible way for Navy managers to control civilian employment to accomplish approved workload. Our guidance to Navy executing commands emphasized efficient and economical use of manpower and fiscal resources in executing the FY 1985 programs authorized and appropriated by Congress. I believe this method of managing civilian resources is the most reasonable and responsible way for Navy managers to control civilian employment.

The decline in estimated shipyard employment is entirely attributable to the deliberate policy of closely matching employment estimates with planned workload in our budget submission. The FY 1986 budget reflects reduced workload for Naval Shipyards which is commensurate with the estimated 6,500 employment reduction from FY 1984 to FY 1986. Included in these budget estimates is a planned reduction in overhead resulting in improved productivity. The Navy also has several other actions underway that will result in more economical and efficient accomplishment of ship overhauls. Efforts are being made to ensure that the cost of overhauls be controlled by basing overhaul durations on the most effective working tempo of the shipyard, rather than only on scheduled demands. The Chief of Naval Material has challenged Naval Shipyard Commanders to tighten efficiency of their operations without slipping schedules. Plans are also being developed to allow for improved management of overtime employment.

The Naval Shipyards will achieve their reduced civilian employment levels through attrition, the release of temporary employees, and perhaps through selected reductions-in-force. The Department of the Navy is still assessing alternatives and no decisions have been made concerning the necessity, size, or location of possible reductions-in-force.

The current initiatives directed at Naval Shipyards are the direct result of ensuring that the Navy's workload is accomplished in the most efficient manner, managing work force by workload.

Senator WILSON. General Maloney, in your statement you note that the Marine Corps is experiencing difficulty because it believes it is not authorized enough majors within its officer corps. Specifically, I believe you want to increase the authorized number of majors by 503 to a total of 3,555 and have a corresponding decrease in the authorized number of captains resulting in a total of 5,633. This would result in almost 18 percent of your officer corps being in the grade of major.

What specific problems is the Marine Corps experiencing because of the present limitation on the number of majors on active duty, and how would the Marine Corps utilize 503 additional majors?

General MALONEY. Significant improvement in retention has resulted in an inability to meet the promotion timing guideline desired by Congress for captains going to major.

AVE YCS for promotion to major

Fiscal year:	
1986	11 yr 1 mo
1987	11 yr 4 mo
1988	11 yr 8 mo
1989	11 yr 11 mo

The 503 additional majors would be distributed to fill validated, programmed billets:

41 percent to major air ground task forces (Intelligence, Combat Engineer, Armor Officers).

29 percent to joint/specialist/headquarters billets (Special Education Program billets/United Nations Observers).

17 percent to bases/air stations/support billets (Logistics, Communications, Disbursing Officers).

7 percent to Reserve support billets (Inspector Instructor and Marine Aviation Training Support Group billets).

4 percent to Marine Corps schools (Instructors).

2 percent to security billets (Marine Barracks/Marine Support Battalion).

Distribution of majors based on grade substitutions of captains in major's billets and unfilled major's billets.

Additional majors would provide flexibility for greater participation in the joint arena.

Senator WILSON. Is this a short-term problem or would you expect that you would want to continue to have authorization for 503 additional majors for the foreseeable future?

General MALONEY. This is a long-term problem. The Marine Corps under the present ceiling can man only 84 percent of programmed majors billets in fiscal year 1985 and the outyears. Even with the requested increase, all billets will not be filled. Allowing the promotion flow to move above the DOPMA promotion window would reduce career expectations for officers and age the force beyond what is considered optimum.

Senator **Wilson**. If the Marine Corps' request is granted, will it be necessary to authorize additional lieutenant colonels in the Marine Corps in the future?

General **Maloney**. No, vacancies in the grade of lieutenant colonel are not affected by the number of officers authorized in lower grades. The promotion flow to lieutenant colonel is a function of losses of lieutenant colonels and above through promotion, retirement, death and disability.

CONTRACTING OUT PROGRAMS

Senator **Wilson**. General Cassidy, I note that in your formal statement you indicate that the Air Force supports the contracting out program as an efficient means of carrying out certain workloads consistent with national security. You also indicate that the Air Force supports a program which delegates to the service, as I guess you mean as opposed to the Secretary of Defense, the authority to determine what is required to remain in house to maintain readiness.

Now, I am quite aware of the organizational resistance to contracting out, and I am aware that the services, especially base commanders, do not like contracting out because they believe they lose the absolute control which they like to exercise over every aspect of the day-to-day operation of bases.

Will you explain to me the Air Force's position that it should have authority to determine what functions must be retained in house, and if that is because you believe the Air Force has been required to look at inappropriate functions for possible contracting out, would you give me some examples of the functions.

General **Cassidy**. The Air Force favors an internal review process to determine the overall impact on wartime capability. Work which does not require military or in-service civilians is subject to cost comparison studies. Results show the most cost-effective method, and that is the one we use. Contracting that is consistent with national defense objectives is a viable and often efficient means of getting work done. We have not been required to contract inappropriate functions. Thus, the Air Force position is based on a continuing need to assess the impact on national defense before a decision is made.

Senator **Glenn**. The committee stands adjourned.

[Whereupon, at 4:15 o'clock p.m., the subcommittee recessed subject to the call of the Chair.]

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1986

MONDAY, MARCH 11, 1985

U.S. Senate,
Subcommittee on Manpower and Personnel,
Committee on Armed Services,
Washington, DC.

RECRUITING AND RETENTION PROGRAMS

The subcommittee met in open session, pursuant to notice, at 2:06 p.m. in room 232-A, Russell Senate Office Building, Senator Pete Wilson (chairman) presiding.

Present: Senators Wilson, Thurmond, and Glenn.

Staff present: Patrick A. Tucker, counsel; Arnold L. Punaro, staff director for the minority; Richard D. Finn, Jr., Douglas R. Graham, George K. Johnson, Jr., and David S. Lyles, professional staff members; Patricia L. Watson, research assistant; and Mary J. Kampo, staff assistant.

Also present: Mark J. Albrecht, assistant to Senator Wilson; Allan Cameron, assistant to Senator Denton; Jeffrey B. Subko, assistant to Senator Exon; and Phillip P. Upschulte, assistant to Senator Glenn.

OPENING STATEMENT BY SENATOR PETE WILSON, CHAIRMAN

Senator Wilson. This hearing of the Manpower and Personnel Subcommittee will come to order. The subcommittee meets today for the third in a series of hearings on the Department of Defense authorization request for fiscal year 1986. We will focus today on two factors which are important in judging the status of manning in the Armed Forces. Those factors are recruiting and retention.

We have asked the witnesses to give special emphasis on the role of the new test educational benefits program, the so-called new GI bill, in recruiting and retention. I think the subcommittee's concerns in these areas can be summarized as follows.

In the late 1970's, the Army Chief of Staff described the Army as hollow, and we saw a Navy ship having to be tied up at port because there was an insufficient number of qualified petty officers available to man that ship.

Over the last 5 years, much has been done to change that situation. We have seen the services meet their numerical recruiting goals and dramatically improve the quality of the forces. This is confirmed not only by statistics, but also by the comments from commanders in all of the services, who quite often describe the young men and women coming into the service today as the best ever. But recruiting and retaining high quality personnel in sufficient numbers to man an Active component structure of more than 2 million and a selective reserve structure of more than 1 million is an area of constant change and constant challenge.

For some time it has been predicted that a declining pool of qualified 18-to 24-year-old males in our society and an improving economy could result in a dramatic reversal of the services' recruiting and retention successes of the past few years.

So our first interest is just where we are in the areas of recruiting and retention and what can be expected for the next 2 to 3 years. Many have suggested that if the future picture shows that recruiting and retention is going to be more difficult in the future, that the only answer is to throw more money at the problem

Now, if we in fact are in the midst of a developing problem in recruiting and retaining sufficient quality personnel to man our present and projected force structure, there is no question that more money is one option. But I am not prepared to accept that as the only option. We must look at the force structure itself and decide if it can be reduced in a responsible fashion. We must look at the levels of quality being sought by the services and decide if those levels are the appropriate and necessary ones.

There is some evidence that higher quality recruits make higher quality soldiers, sailors, airmen, and marines. In fact, I think the evidence is clear. But at some point in seeking higher and higher quality personnel, there are other factors than cost, but the cost itself may threaten to begin exceeding the return.

We cannot afford that luxury. We must not permit that point to be crossed, for it would not be, unhappily, the wisest use of limited defense dollars to do so. Finally, we must look at the various programs now in place which are designed to assist in recruiting and retaining personnel and ask whether the manner in which our defense dollars are being spent for these purposes are in fact producing the results we seek.

I think in this regard that we must look at military pay, enlistment and reenlistment bonuses, special pays, educational benefits, and other options to determine if the money being spent for each of them is producing the recruiting and retention results which we must have.

Today we will have the opportunity to explore these matters with our panel of witnesses, each of whom may have a slightly different perspective on the problems and on the appropriate way to deal with them. First we will receive testimony from and have the opportunity to question Hon. Lawrence J. Korb, Assistant Secretary of Defense for Manpower, Installations, and Logistics.

Next we will hear from Hon. James H. Webb, Jr., the Assistant Secretary of Defense for Reserve Affairs.

Finally, we will hear from a panel of senior officers from the services who have special responsibilities for the matters under consideration today. That distinguished panel will consist of: Maj. Gen. Bobby G. Porter, Director of Military Personnel Management for the U.S. Army; Rear Adm. Lawrence Burkhardt III, Assistant Deputy Chief of Naval Operations for Manpower, Personnel, and Training, for the U.S. Navy; Maj. Gen. Robert C. Oaks, Assistant

Deputy Chief of Staff, Manpower and Personnel, U.S. Air Force; and Maj. Gen. J.J. McMonagle, Director of Personnel Management for the U.S. Marine Corps.

Before receiving the testimony of our distinguished witnesses, I will yield to my colleague Senator Glenn, the ranking member of the subcommittee, for any statement that he may wish to make.

Senator GLENN. Thank you, Mr. Chairman. Just a short statement here.

I want to join the chairman in welcoming the witnesses to the subcommittee this afternoon. The focus of today's hearing on recruiting and retention programs, including the newly enacted program of educational benefits for military service, I believe is very timely. During the Senate debate on the new GI bill last year, we had a very spirited discussion on the future challenges in recruiting and retaining people for military service and how best to meet those challenges.

The views I expressed during that debate last year certainly have not changed. In my opinion, we should selectively target educational benefits to attract those young people into the services that we have not been getting before.

Now, that is a very basic difference with just making an across the board educational program for everybody, and it is one that we felt was rational because it took into account the very dire budgetary straits in which we found ourselves, and they have gotten much worse since we were in that debate last year and so I think it is even more important that we consider that approach now.

The recruiting challenges facing the military services over the next few years are very well-known. We're all aware of the shrinking manpower pool. The competition from private industry for the high-quality military aged youth is increasing, and a steady or declining unemployment rate may be good for the country, but it will only make the job of recruiting people for the military services more difficult.

So I look forward to hearing the witnesses describe how they will deal with these problems. It is not just their problem: it is a problem we all face together. No one of us can solve this problem alone.

So, Mr. Chairman, I will have questions for the witnesses after they have completed their prepared statements.

Dr. Korb, I was just sitting here thinking of the amount of time you and I are both spending in hearings today within our company, with each other. Maybe you and I can form a car pool one of these days. [Laughter.]

Thank you, Mr. Chairman.

Senator WILSON. Thank you, Senator Glenn.

With that, we welcome again Senator Glenn's constant companion, Hon. Lawrence J. Korb. [Laughter.]

STATEMENT OF HON. LAWRENCE J. KORB, ASSISTANT SECRETARY OF DEFENSE FOR MANPOWER, INSTALLATIONS, AND LOGISTICS

Dr. KORB. Mr. Chairman, Senator Glenn, as always, it is a pleasure to be here. I have a long statement for the record which I would like to submit, and today I would like to very briefly focus on the areas that you asked me to, recruiting and retention trends, the quality of the enlisted personnel for both the Active and Reserve, educational assistance, and compensation initiatives.

I think it is important that, before we think about where we want to go to, we reflect a few moments on where we have been. Four years ago, the manpower, the personnel situation was deteriorating rapidly.

With the help of the Congress, we have succeeded in remedying that situation beyond at least my expectations, and we now have a high quality force that provides for immediate defense and serves as an excellent foundation for our future needs. I believe we have achieved this success three ways:

First, we have restored pay to fair and competitive levels;

Second, we provided the military member and his or her family with improved quality of life;

Third, we have used targeted incentives to alleviate specific recruiting and retention problems.

RECRUITING

Let me turn first to recruiting. We are right now continuing to recruit high quality personnel. In 1984, fiscal 1984, we hit an all-time high: 93 percent of the new recruits in the active components had high school diplomas, compared with but 68 percent in 1980 and 75 percent in the youth population as a whole.

In the last fiscal year, 93 percent of the new recruits in the active component scored average or above average on our enlistment test, compared with only 69 percent in 1980 and with 69 percent in the youth population as a whole.

However, as Senator Glenn mentioned and Senator Wilson mentioned, recruiting is becoming more difficult, for basically three reasons: the improved economy, declining youth unemployment, and the shrinking youth population. In the first quarter of 1985, the Army, Navy, and Air Force narrowly missed their new contract objectives for the Active components. However, they only missed them by 1 percent.

Of all of the services, the Army continues to experience the most difficulty in recruiting high quality personnel. I think we have to keep this picture in balance. There is no way in my view that we could have maintained the very, very high standards of fiscal 1984 forever, and to use that as a benchmark in determining what steps we ought to take in the future, I think we would have to do that with a great deal of caution.

For example, going into fiscal 1985 we had 40 percent of our combined enlistments requirements in the delayed entry pool. While the delayed entry pool at the end of last fiscal year was slightly lower than the year before, it was still twice as high as it was four years ago. All of the services except the Army were at their desired Delay Entry Program levels at the beginning of this fiscal year.

Let me turn to retention. From fiscal 1980 to 1984, the first term reenlistment rate increased from 39 percent to 51 percent, and the career reenlistment rate increased from 71 percent to 85 percent. During fiscal 1984, retention has remained good, so good that the services could be selective about the quality of those retained.

There are still some pocket shortages in certain areas, particularly those, however, that are marketable in the private sector and involve arduous duties. I might say, retention has been so good that some of our friends in the academic community and in the General Accounting Office are now talking about grade creep in the enlisted force, because we have kept so many people and they obviously get a higher compensation level than first term people.

QUALITY OF ENLISTED PERSONNEL

Now let us take a look at the quality of our enlisted personnel overall, the whole force. The quality of the force has improved dramatically by the most commonly accepted measures over the last 5 years. The level of education, of high school diploma graduates in the enlisted forces, up from 74 percent in 1980 to almost 90 percent in 1984; and high aptitude personnel, those in AFQT categories I to III, the enlisted force was 85 percent last year as compared to 69 percent of the general population.

Other indicators of quality, like AWOL and desertion rates are down, down by 56 percent and 64 percent respectively since fiscal 1980. Because of improved retention, the experience level of the force is up.

Last year this committee asked us for a report on the current quality of the force and the projected quality for the next 5 years. We're now in the process of completing that report, but I can give you some preliminary observations.

While high aptitude recruits are more trainable and high school graduates have lower first term attrition, job performance is still the ultimate criteria and we're trying to develop procedures to measure actual job performance.

In terms of projected quality for the future, the Army quite understandably wants to increase the content of high aptitude high school graduates, in hopes that the career force capability will improve. The other services are basically satisfied with the quality they have now and they call for slightly less quality than that achieved over the past 2 years.

But determining quality requirements is a very, very subjective art. There is no universally accepted methodology, and we and you must consider supply and demand tradeoffs with the recruiting resources that are available. And the basic question we have to ask ourselves: Are incremental improvements in force capability which do not measure job performance, only attrition and trainability, are they actually worth the improvements and the additional costs?

RESERVE COMPONENTS

Let me spend a few seconds on the reserve components. We continued to recruit high quality for the reserves in fiscal 1984. Eighty-five percent of the recruits last year were high school graduates, as compared to only 76 percent in fiscal 1980. Ninety percent of the new recruits scored average or above average on the enlistment test, compared to 78 percent in fiscal 1980.

However, recruiting is also becoming more difficult for the Reserve components. The reserve recruiting budget is programmed to increase by 20 percent to respond to more difficult recruiting conditions. Not only the market is changing, but we are asking them to get more people.

Last year the Army National Guard and the Navy Reserve missed their overall recruiting objectives. The Army National Guard got only 78 percent of its objective, the Navy Reserve got 92 percent. However, despite that, the overall reserve strength did increase by 4 percent last year, to reach an all-time record high of 1,045,800 people. We project that the reserve strength will increase by 3 percent this year and by an additional 4 percent in fiscal 1986, to achieve our desired readiness levels.

Reserve retention is also improving. The end strength was up last year by over 41,000, while actually recruiting fewer people because of our improved retention.

One major concern we have is unprogrammed attrition, particularly in the Army Reserve components, which have nearly 70 percent of select reserve strength. We are undertaking a number of initiatives to reduce attrition: expanded use of the PX's, commissaries, and recreational facilities, expanded bonus and incentive programs, and improved family and employer support programs.

In my view, we need to reduce unprogrammed attrition to accommodate the reserve end strength increase of 4 percent which we program for fiscal 1986, and also to minimize recruiting and training costs.

EDUCATIONAL ASSISTANCE

Let me turn now to educational assistance, and we are now, as you know, in the process of implementing the new GI bill. The Army began advertising on March 1. We expect joint service advertising to begin on July 1.

We have a number of changes we would like to suggest in this legislation which, as Senator Glenn mentioned, was passed after vigorous debate and lots of differences of opinion. It was passed by the Congress last year.

We would like to roll back the start date from July 1 to help recruiting and allow for a more orderly transition from our present program, the VEAP, the Veterans Educational Assistance Program, to the new program. We would like to get that back as quick as we can, because we do not want people waiting to join up until the new program becomes effective.

We would also like to allow the service member a one-time refund of his or her contribution. We would like to change the member contribution schedule from the presently legislated $100 a month for 12 months to $60 a month for 20 months.

And we would like to allow the service member a longer time period in which to decide whether or not to enroll in the program.

RECRUITING AND RETENTION TOOL

Let me turn to the cost. I have testified many times before the Congress on this particular subject. I believe that educational benefits for a peacetime volunteer force should be used as a recruiting and retention tool. In my view, the VEAP Program and the Army college fund were working extemely well.

I feel that the cost of such a program should be included in the budgets of the services and should be included in the services' consideration of tradeoffs. However, we would only include the cost of the new GI bill in our budget if we are allowed to ask the question, is it worth the cost, and are thus able to modify the program based on that answer.

MILITARY COMPENSATION

Let me conclude by talking very briefly about the subject of military compensation. Without adequate compensation, we will not be able to attract and retain quality personnel in the future. Although that is not the only thing that determines whether we will get and keep people, it certainly is an important one.

We request your support in the following areas: recruiting and advertising resources; enlistment bonuses; selective reenlistment bonuses; special and incentive pays; and permanent change of station expenses.

No discussion of compensation can be complete without some mention of the subject of military retirement, and in fact, this seems to be a subject of increasing interest in the past couple of months. I touched on this issue during the general overall review of manpower and I know that there will be a separate hearing on this subject, so I will not get into great detail here today unless you want to, except to say that I think that military retirement is a vital component of military compensation and it is a basic incentive for retention and helps us to sustain a mission-ready force.

Any changes in that system must explicitly take into consideration the implications on force manning. I look forward to examining this important issue with you in further detail.

In closing, I feel that we are at a crossroads today. We can build on the current successes or we can return to the conditions of the late seventies. I do not believe that we want to undo the improvements in military manpower, however well intentioned would be our efforts to save tax dollars; and that, regardless of what we do in terms of the overall budget size, people must remain our highest priority.

Thank you very much, Mr. Chairman.

[The prepared statement of Dr. Korb follows:]

PREPARED STATEMENT OF DR. LAWRENCE J. KORB, ASSISTANT SECRETARY OF DEFENSE, MANPOWER, INSTALLATIONS AND LOGISTICS

Mr. Chairman and Members of the Committee: It is a distinct pleasure for me to appear before you today to discuss our current recruiting and retention programs. The Congress, the Military Services and the Office of the Secretary of Defense, working together have succeeded beyond all expectations, and we can look back on the last four years with a great deal of pride. We have restored a sense of honor and dignity to military service. We are meeting our recruiting objectives with young men and women of unprecedented quality. The aptitude test scores and education levels of new recruits are substantially higher than when this Administration first came into office. The excessive career force losses of a few years ago have been stopped; reenlistments have reached all time highs; and the career force is growing in size, experience and quality. We now have a strong, high-quality force that not only provides for the immediate defense but also serves as a solid foundation for future defense needs.

Let us not, however, forget the problems we have had to overcome. Four years ago the military manpower situation was a near disaster. Our forces were undermanned; we could not attract a sufficient number of qualified recruits to fill the ranks; test scores and educational achievement of new recruits were perilously low; morale had plummeted; and the loss of career personnel was described as the greatest hemorrhage of talent in the history of the Services. The cumulative effect of years of inadequate pay and compensation, and a lack of national pride in the men and women in uniform had taken its toll. The pay caps of 1975, 1978 and 1979 allowed military pay to fall far behind private sector pay. This, along with reductions in funds needed for enlistment and reenlistment bonuses and recruiting resources, created critical manpower shortages that have taken us four years to overcome. Today, we are committed to protecting our people programs, safeguarding equality of opportunity for all service members and ensuring that our manpower investment continues to pay dividends in improved readiness. We now have a force prepared to support our world-wide commitments.

DEFENSE MANPOWER TRENDS

End Strengths. There were about 2,138,000 members in the active component at the end of Fiscal Year (FY) 1984, some 98,500 or five percent more than in FY 1980. We will need a total of over 2,152,000 by the end of FY 1985. But even with these increases, manpower will be low by historical standards. For example, FY 1985 will be about 535,000 or 25 percent below the pre-Vietnam (FY 1964) total.

Table 1

DEFENSE MILITARY MANPOWER TRENDS[1]

(End of Fiscal Year Strengths in Thousands)

	ACTUAL				PLANNED	PROPOSED
COMPONENT	FY 1964	FY 1980	FY 1982	FY 1984	FY 1985	FY 1986
Active	2,687	2,040	2,097	2,138	2,152	2,178
SELRES[2]	953	869	975	1,046	1,077	1,124

[1] Beginning in FY 1980, reserve data include full-time Reservists serving on Active Guard/Reserve (AGR) status, and members of the Navy's Training and Administration of the Reserves (TAR) program and Individual Mobilization Augmentees (IMA).

[2] Selected Reserve.

We are also very proud of the growth experienced in the Reserve components since FY 1980. The Selected Reserve (SELRES) end strength has increased by 177,000, or more than 20 percent, while the end strength of the active components has increased by five percent.

Table 2

ACTIVE/RESERVE COMPARATIVE END STRENGTHS

(Thousands)

	ACTUAL			
	FY 1980	FY 1984	INCREASE	PERCENT INCREASE
DoD ACTIVE	2,040	2,138	98	5
DoD *SELRES	869	1,046	177	20

*Numbers include full-time reservists (AGR and TAR) and Individual Mobilization Augmentees (IMA).

Additionally, the Selected Reserve end strength exceeded by four percent the previous record level of 1,006,600 set 25 years ago. This is significant considering that the high mark in 1959 was established when service in the reserves could be substituted for two years conscripted service in an active component.

Also of significance in FY 1984 was Congressional support for the Administration's proposal which resulted in legislation that extended the military service obligation from six to eight years after 1 June 1984. By 1992 this law should eliminate aggregate military personnel shortfalls upon mobilization by increasing the size of the Individual Ready Reserve (IRR). The IRR has grown from a low of 356,000 in FY 1978 to 444,700 in FY 1984. The remaining challenge is for the Services to maintain the proper skill mix and proficiency for IRR members.

The active and reserve component strengths by Service are shown in the following table:

Table 3
DEFENSE MILITARY MANPOWER BY SERVICE AND COMPONENT
(Thousands*)

COMPONENT/SERVICE	ACTUAL FY 1980	ACTUAL FY 1984	PLANNED FY 1985	PROPOSED FY 1986
ACTIVE				
Army	777	780	781	781
Navy	517	565	571	586
Marine Corps	188	196	198	200
Air Force	558	597	602	612
DoD Total	2,040	2,138	2,152	2,178
SELECTED RESERVE				
Army National Guard	367	434	438	450
Army Reserve	213	275	286	301
Naval Reserve	97	121	129	142
Marine Corps Reserve	36	41	42	43
Air National Guard	96	105	108	111
Air Force Reserve	59	70	75	77
DoD Total	869	1,046	1,077	1,124

*Numbers may not add due to rounding.

From FY 1980 to FY 1984, active component end strength increased by 98,568 personnel, or about 1.2 percent a year. As might be anticipated based on weapon systems acquisition, the Navy and Air Force experienced the greatest growth. The Navy's manpower growth of about 2 percent per year approximates the increased number of billets at sea; however, fleet support requirements have not been met. This directly impacts on sea-shore rotation, and the quality of shore support. The Air Force growth supports new and expanded missions and associated force structure modification.

The reserve component growth is concentrated in the Army and the Navy to support their increased development of wartime force structures. Selected Reserve end strength grew by four percent in FY 1984, however, for the first time in five years, we were short of the budget objective for end strength by one percent. Although this alone may not seem significant, we have programmed growth of three percent for FY 1985 and growth of four percent more for FY 1986 to reach readiness goals.

We plan to increase the number of active component military personnel by about 25,600 over FY 1985. This is about 1.2 percent, which equals the average normal growth since FY 1980. The FY 1986 DoD Manpower Requirements Report discusses specific program changes in each Service which caused active and reserve component manpower growth.

We are able to accomplish our missions at relatively low levels of active component manpower by the prudent use of the Selected Reserves and by the efficient use of the active manpower. The modest increase in active strength is the minimum necessary to support force structure growth and achieve readiness goals.

Recruiting. We have made unprecedented progress in improving the effectiveness of our recruiting programs over the last four years. By restoring a sense of honor to uniformed service and providing our recruiters with resources adequate to project that image throughout the community, we have been able to recruit the highest quality young men and women. In FY 1984, all Services met or exceeded their accession objectives.

Table 4

ACTIVE DUTY ENLISTED ACCESSIONS
ALL SOURCES - FY 1984

Service	Recruiting Objective (Thousands)	Actual Accessions (Thousands)	Percent of Goal
Army	142.0	142.3	100
Navy	82.9	82.9	100
Marine Corps	38.7	42.2	109
Air Force	61.1	61.1	100
DoD Total	324.6	328.5	101
Source			
Non-Prior Service			
Men	271.1	273.7	101
Women	35.7	36.1	101
Prior Service	17.9	18.6	104

Table 5

ACTIVE DUTY ENLISTED ACCESSIONS
(Thousands)

	Total
FY 1984 Actual	328.5
FY 1985 Planned	333.4
FY 1986 Proposed	345.8

Table 6
ENLISTED ACCESSION PLANS
(Thousands)

Service	FY 1985	FY 1986
Army	139.8	146.4
Navy	87.6	94.3
Marine Corps	39.0	35.3
Air Force	67.0	69.8
DoD Total	333.4	345.8

The quality of our enlistees is measured by educational attainment (high school graduation) and scores on the enlistment examination, the Armed Forces Qualification Test (AFQT). In FY 1984, 93 percent of our new recruits had earned a high school diploma. This figure compares to about 75 percent in the general youth population. Four years ago, only 68 percent of new recruits had high school diplomas. In FY 1984, 93 percent of our new recruits scored average or above average on the AFQT compared to 69 percent in the general youth population. Only 69 percent of our recruits scored at this level in FY 1980.

Table 7
HIGH SCHOOL DIPLOMA GRADUATES AS A PERCENTAGE OF NON-PRIOR SERVICE ACTIVE DUTY ENLISTED ACCESSIONS

Service	FY 80	FY 81	FY 82	FY 83	FY 84
Army	54	80	86	88	91
Navy	75	76	79	91	93
Marine Corps	78	80	85	92	95
Air Force	83	88	94	98	99
DoD Total	68	81	86	91	93

Table 8
AFQT CATEGORIES I THROUGH III AS A PERCENTAGE
OF NON-PRIOR SERVICE ACTIVE DUTY ENLISTED ACCESSIONS

Service	FY 80	FY 81	FY 82	FY 83	FY 84
Army	50	69	81	88	90
Navy	82	88	89	92	92
Marine Corps	73	87	91	94	96
Air Force	91	93	94	98	99
DoD Total	69	82	87	92	93

We also recruited nearly 222,000 people in FY 1984 for the Selected Reserves. This is approximately the same number we enlisted in FY 1980. Although the number of enlistments has remained about the same, the quality of the recruits has increased.

Table 9
SELECTED RESERVE ENLISTMENTS
PERCENT OF QUALITY INDICATORS

Quality Indicators	FY 1980	FY 1984
[1]HSG	76	85
[2]AFQT	78	90

[1] Includes equivalency certificates and diploma graduates. Also includes the best available estimate of high school students who enlisted prior to their graduation but who were expected to graduate.

[2] AFQT Categories I-III include enlistees who scored average or above on the enlistment test.

We are confident that we can continue to satisfy our personnel requirements with volunteers. However, the sustained economic recovery, the decline in the military-age youth population, and the widening comparability gap between military and civilian wages pose difficult recruiting challenges.

The attitudes of today's youth toward military service have an impact on recruiting. The results of the most recent Youth Attitude Tracking Study (YATS), conducted in the Fall of 1984, indicate that propensity for service in the military is substantially lower than in the previous five years.

Table 10
TRENDS IN PROPENSITY TOWARD MILITARY SERVICE

	1979	1980	1981	1982	1983	1984
Air Force	16.6	20.6	20.9	18.7	18.8	15.3
Army	12.9	14.6	15.0	16.0	17.5	14.3
Navy	14.5	14.4	15.4	14.4	13.0	10.9
Marine Corps	10.8	12.3	12.4	11.7	12.1	9.6
Any Service	30.0	33.7	34.3	35.8	35.4	29.9

Although we cannot predict precisely the enlistment behavior of young people, the annual YATS trend data provide a clear insight into the attitudes, propensity and motivation of America's youth toward military service. Although attitudes and intentions do not directly translate into enlistments, we do know that the more positive the propensity level, the better the recruiting environment.

This decline in propensity is consistent with the recruiting difficulties experienced by the Services during the first quarter of FY 1985. All Services achieved their first quarter accession goals. However, there was a slight downward shift in quality compared to the same period in FY 1984. Both the Army and Navy experienced two-point declines in the proportion of male high school diploma graduates.

The changing recruiting environment is also reflected in the Services' ability to write new contracts. As you know, new contracts are those young men and women whom we process and place into our Delayed Enlistment Program (DEP) to meet our accession goals within the next 12 months. The Services attempt to maintain between 40 and 50 percent of the next 12 months accession objectives in the DEP. Each Service is currently within these targets except the Army, whose DEP has fallen to 28 percent.

Each of the Services have reported difficulty achieving their first quarter contract objectives. Collectively, the Services fell short of their new contract goals by slightly over 2,000, less than one percent of their objectives. The Army continues to experience the most difficulty.

The Reserve Components have also experienced recruiting difficulty. Both the Army National Guard and the Navy Reserves failed to achieve their FY 1984 recruiting objectives.

It is clear that we have entered a different and more demanding recruiting climate. We are still meeting our accession objectives. The size of our DEP can sustain our near-term enlistment requirements; however, we anticipate that recruiting will continue to become increasingly difficult. In order to respond effectively to these more demanding recruiting conditions, we must provide competitive levels of pay and benefits as well as adequate recruiting resources.

Recruiting Resources. The FY 1986 request for active force recruiting resources is approximately $77 million more than the FY 1985 plan. Approximately $42 million is actual program growth. Most of the program growth is for the Army ($24 million) and the Navy ($14 million). The remaining $35 million is an adjustment for inflation. The growth is required to offset the more competitive recruiting environment and to maintain cost-effective levels of quality recruits.

The FY 1986 request for Selected Reserve recruiting resources is approximately $60 million more in program growth than in FY 1985. The Army Guard and Reserves and Navy Reserves require most of the growth ($44 million) for additional recruiters and recruiter support. Eleven million dollars of the program growth is for Reserve Component advertising. The $5.5 million increase in Joint Advertising is necessary to provide adequate corporate level reserve advertising. The program growth is essential to offset the increasingly difficult recruiting environment while increasing our reliance on the reserves.

Table 11
ACTIVE FORCE RECRUITING RESOURCES[1]
(Current $ Millions)

Service	Fiscal Year 1984 Actual	Fiscal Year 1985 Planned	Fiscal Year 1986 Proposed
Army	479.8	556.0	593.6
Navy	205.2	223.6	244.3
Marine Corps	134.1	142.8	151.7
Air Force	114.3	121.1	125.3
Joint Programs[2]	87.8	88.2	93.8
DoD Total	1021.2	1131.7	1208.7

[1] Numbers may not add due to rounding

[2] Includes the DoD Recruiting Facilities Program, Joint Market Research Program, and Joint Recruiting Advertising Program.

Table 12
RESERVE COMPONENTS RECRUITING RESOURCES[1]
(Current $ Millions)

Component	Fiscal Year 1984 Actual	Fiscal Year 1985 Planned	Fiscal Year 1986 Proposed
Army National Guard	135.7	168.6	183.7
Army Reserve	92.9	118.0	140.4
Naval Reserve	25.5	36.9	59.1
Marine Corps Reserve	14.3	16.4	17.0
Air National Guard	21.0	23.4	26.3
Air Force Reserve	14.9	18.0	19.5
Joint Advertising	1.8	2.0	7.5
DoD Total	306.1	383.4	453.6

[1] Numbers may not add due to rounding.

Retention. Retention helps shape the personnel inventory to ensure that it provides the quality and quantity of non-commissioned and petty officers needed to meet and sustain the force structure demands. As stated in Secretary Weinberger's Annual Report to Congress for FY 1986: "Our goal now is to manage the force so as to maintain the proper experience levels appropriate to our needs and to the career management needs of our people."

Since FY 1980, retention has remained at acceptable levels. However, FY 1984 was a year of mixed signals and results. During FYs 1981 and 1982, the Administration, the Congress and the American public sent clear signals to service members. The message was a commitment to a strong defense and to a competitive wage and reasonable quality of life for those who served. Service members responded with record setting reenlistments. This year that commitment has not been as apparent. This, in conjunction with the economic recovery, has led to mixed results in retention. However, FY 1984 retention results were more than satisfactory, and the Services were able to be selective about the quality of those they retained.

In the aggregate, enlisted retention was lower than in FYs 1982 and 1983 in terms of first-term, career, and overall reenlistment rates. However, the Navy and the Marine Corps' first-term and overall reenlistment rates in FY 1984 were higher than either FY 1982 or 1983. The Marine Corps had higher career reenlistment rates than in either FY 1982 or 1983. While the Air Force did not exceed its FY 1983 rates, it did exceed its FY 1982 rates for first-term, career, and overall reenlistments. Only the Army had rates which were noticeably lower than FYs 1982 and 1983 for first-term and overall reenlistments. However, the Army career reenlistment rate did equal that for FY 1982.

After reaching record levels in FY 1983, officer retention declined slightly in FY 1984. Increased hiring by the airlines and a continued general upturn in the economy, pay caps and proposed changes to the retirement system have contributed to the decline. Despite the relative success, we continue to have shortages in certain critical skill areas. The most significant of these shortages are mid-grade nuclear surface and submarine officers in the Navy, and specific engineering disciplines and surgical specialties in the Air Force. However, even with the forecast for a healthy economy, we expect officer retention to remain at or near FY 1984 levels.

Overall, we are cautiously optimistic about meeting the retention targets that are built into the budget. However, as emphasized repeatedly, we will not be able to meet these targets unless Congress approves the requested pay and benefit levels.

QUALITY OF MILITARY ENLISTED PERSONNEL

Last year, in the Defense Authorization Act, the Congress recognized our improved recruiting and retention but expressed concern about our ability to continue this success in view of the improving economy, reduced unemployment, and increasing competition for 18-21 year olds. We were asked to undertake a detailed examination of our military enlisted manpower requirements. Specifically, we were asked to provide a report on the current quality of each Service's enlisted force, the projected quality requirements for enlisted personnel in each Service over the next five years, and to outline the recruiting and retention levels and changes to current military compensation policy needed to meet the manpower quality requirements. The Services have now completed their analyses, and we are evaluating their submissions and preparing our formal report to the Congress. I would like to share with you some of the preliminary results; these data and my observations will constitute an interim report. First, let me give you a brief explanation of our quality measurements.

Any large organization, military or civilian, must solve the complex problem of providing a continuous supply of new personnel to fill job vacancies. It is not sufficient merely to provide people with certain minimum qualifications for a variety of jobs. Applicants have different characteristics and experiences that may qualify them for one job, but not another. To maximize production and efficiency, organizations screen their applicant pool to determine a person's suitability for particular jobs and to select an effective person-job match. In the case of the military, individuals must be enlisted who possess qualifications to meet skill requirements which are dynamic and change over time.

When an organization can hire persons with prior experience, it is possible to evaluate past performance as the primary criterion for hiring into a specific job. Other characteristics such as aptitudes and education assume less importance. On the other hand, when organizations hire young people without job experience, it becomes very important to evaluate aptitudes, interests, education, and other characteristics known to predict success in jobs sought by the applicant. Ultimately, both productivity and worker satisfaction will be enhanced to the extent that jobs are filled by persons whose talents and experiences ensure the highest probability of successful job performance.

Demonstrated performance, then, is the only meaningful quality indicator. The Department of Defense relies largely on young, untrained individuals without a demonstrated performance history. Thus, we must rely on educational attainment (high school graduation status) and scores on the Armed Forces Qualification Test (AFQT) as surrogate measures of quality. Since all pre-enlistment screens are probabilistic, the performance for any given individual cannot be predicted exactly. While the use of high school graduation status and AFQT scores as short-hand indices of quality cannot be related perfectly to military performance, they are good predictors of trainability and adaptability to service life.

For example, high school graduates have a substantially lower first-term attrition rate than non-graduates. In the Army, about 75 percent of high school graduates complete their first term of enlistment. This compares to only about 50 percent of non-graduates. Although the Services use the high school diploma as a kind of "dividing line" of quality, it is not education per se that determines an individual's degree of adaptability to service. High school diplomas, as a rule, indicate only that the student has finished a required course of study and passed all the necessary tests. It does not indicate the extent to which he or she has learned a particular subject. Nevertheless, the attributes that enable a student to complete 12 years of school rather than drop out are a valid index of the individual's probability of fulfilling the first term of service. The maturity and determination involved in completing high school--rather than the educational attainment represented by the diploma--are probably the true correlates of success in the military.

In addition, lower-aptitude personnel are harder to train than their higher scoring peers even in low and moderate skill jobs. An important reason is low reading abilities--frequently at the 5th to 7th grade levels among persons in AFQT Category IV. In spite of extensive changes in the training system--including revised manuals, remedial reading programs, self-paced instruction, and adoption of hands-on testing techniques--low-aptitude personnel require longer training periods. In some jobs, they also have higher failure rates.

Finally, there are data on some skills which indicate that low-aptitude personnel are less likely to meet minimum skill requirements as measured by on-the-job performance tests. The strongest evidence on this point comes from a DoD-sponsored study of enlistment standards in the Army. Skill Qualification Test (SQT) results for Army Infantry, as well as special hands-on job performance tests for four other Army jobs (Armor Crewmen, Mechanics, Supply Clerks and Cooks), show that low-aptitude recruits are significantly less likely to demonstrate minimum job proficiency than enlistees with higher aptitude.

Given the attrition data alone, it becomes clear that Category IV personnel, as well as non-high school graduates, are a very costly group even though their recruiting cost is minimal. Compared to high-aptitude graduates, it takes many more of them to produce the same level of productivity. As the proportion of non-graduates or low-aptitude recruits increase, force costs will rise. The number of accessions (and hence training costs) will need to be larger to maintain a given end strength.

Statistics pertaining to the characteristics of the current force along with Service accession quality requirements are provided in the next two tables. Comments with respect to retention and compensation are included elsewhere in this statement.

Table 13

CHARACTERISTICS OF THE CURRENT ENLISTED FORCE IN TERMS OF EDUCATIONAL LEVEL AND ARMED FORCES QUALIFICATION TEST (AFQT) CATEGORY
(Percent as of 30 Sept 1984)

	Education			AFQT Categories		
	HSDG	GED	NHSDG	I&II	III	IV
Army	83.0	11.9	5.1	28.2	46.7	25.1
Navy	86.4	6.8	6.7	45.2	45.8	9.0
Marines Corps	88.8	7.2	3.9	38.4	56.3	5.4
Air Force	96.6	3.2	0.2	45.6	47.6	6.8
DoD Total	88.1	7.7	4.1	38.4	47.6	14.0

Of the 1,821,257 enlisted members on active duty as of the end of FY 1984, almost 90 percent were high school diploma graduates compared to only 74 percent at the end of FY 1973. All Services have reported substantial increases, but especially the Army where high school diploma graduates increased from 63 to 83 percent. Also of interest is the fact that two percent of the enlisted force have four-year college degrees. Almost 14 percent have between one and four years of college credit.

I can also say that the AFQT content of the enlisted force is very high. Over 85 percent of the total enlisted force scored average or above on the enlistment test with almost 40 percent above average. Slightly less than 15 percent scored below average.

While AFQT scores and educational attainment are extremely useful as entrance screens and indices of recruit quality, they are not meaningful quality measures of the career force. We know that nongraduates and lower aptitude individuals have less likelihood of successfully completing training and their first term of service than diploma graduates with high test scores. Consequently, we report the quality of our new recruits using those measures. The ultimate criterion of quality, however, is demonstrated performance, which is the only real index of the quality of the career force.

With the exception of the Army, the Services have found that the demonstrated performance and potential of their career force is quite satisfactory. The Army, however, indicates that the observed performance of non-commissioned officers (NCOs) in selected skills is not satisfactory. In the absence of tools which are validated as second term and career performance predictors, the Army has chosen to increase the AFQT and high school graduate content in these skills with the expectation that, in the long run, NCO performance levels will rise. The next table summarizes the accession quality desired by the Services over the next five years. Their objectives are based on quality they believe is needed to provide the sustainability and trainability required to most effectively staff their force structure and satisfy future requirements for middle managers and supervisors in the career force.

Table 14
PROJECTED QUALITY REQUIREMENTS
FY 1985 - 1989
(Percent)

	Education		AFQT Categories			
	HSDG	NHSDG	I&II	IIIA	IIIB	IV
Army	90	10	----59----		31	10
Navy	80	20	32	28	28	12
Marine Corps	95	5	38	26	32	4
Air Force	89	11	46	---49---		5

It is important to note in discussing quality that there is no universally accepted methodology for determining "required" quality. We know that high school diploma graduates have a higher probability of completing their enlistment obligation and that those scoring in the higher AFQT categories are generally more trainable. As a consequence, we direct our recruiting efforts toward the market that will provide us the best quality available. While high quality costs more in initial recruiting costs, it saves us money in terms of lower force structure and lowered training costs, and provides a more effective and efficient force.

Keep in mind that these improvements help to eliminate the "stigma" that military service is an employer of "last resort" to be sought only by those who have no other opportunity. Overcoming that stigma and creating a more professional image enables us to continue to attract quality people. Maintenance of the attitude that service to one's country is an honored profession requires more than just patriotism. It also requires a program of comparable pay and benefits. We must also support the Services' recruiting programs at the level necessary to project an attractive, professional, and successful image throughout the country. This will help us to continue to meet our recruiting objectives with high quality young men and women. If, instead, we repeat the mistakes of the 1970s and make military service less attractive, then we should expect increased accession requirements and training costs, and a reduction in personnel readiness. We are just now recovering from the mistakes of the 1970s. We cannot afford to repeat them.

EDUCATIONAL ASSISTANCE

The Veterans' Educational Assistance Program (VEAP), our current educational benefits program, will be suspended for new enrollments 1 July 1985 and replaced with a new program, the "Veterans' Educational Assistance Act of 1984" (new GI Bill). This new GI Bill is unique in that it is the first peacetime GI Bill. It is also the first GI Bill to provide benefits for the Selected Reserve and to allow a member to elect not to participate. This program's eligibility period will last from 1 July 1985 through 30 June 1988. Our objective is to ensure that this new education program meets the recruiting and retention needs of the Department of Defense. For this reason, we are preparing a request for legislative changes for submission to the Congress.

The new program is similar to VEAP in that it is contributory and allows the Department of Defense to target "kickers" to attract qualified individuals into "hard-to-fill" skills. The Army will continue to use kickers. The other Services may elect to do so in the future.

The new program differs from VEAP in several ways. The basic active duty benefit of up to $10,800 will be paid by the Veterans Administration. The Department of Defense will pay only for the supplemental benefits, kickers and Selected Reserve benefits. The member's contribution ($1,200) is not deposited in a benefits fund, but reverts to the Treasury; unlike VEAP, there is no refund provision.

Table 15
COMPARISON
VETERANS' EDUCATIONAL ASSISTANCE PROGRAM (VEAP)
VETERANS' EDUCATIONAL ASSISTANCE ACT 1984 (GI BILL)

	VEAP	GI BILL
Basic Benefit (Active)		
Member contribution	$2,700	$1,200
Government contribution	5,400	9,600
Total	$8,100	$10,800 ***
Contribution ratio (Government:member)	2:1	8:1
Kickers	$18,300	$14,400 *
Total (first term)	$26,400 **	$25,200 **
Second Tier (supplementary)	----	$21,600 *
Total active (potential)	$26,400 **	$46,800 **
Title 10 - Chapter 106 Program		
Selected Reserve	$ 4,000 *	$ 5,040 ****

* Denotes a discretionary benefit that may be targeted to particular skills by DoD.

** A portion of this total is discretionary.

*** $300/month for 36 months, 3-year obligation.

**** $140/month for 36 months, 6-year obligation.

The absence of a refund provision in the new program will cause problems for the Department of Defense. Individuals coming into service are automatically enrolled for the new GI Bill, unless they elect not to participate. One hundred dollars per month, or approximately 15 percent of base pay, will be deducted within the first 12 months of service. To be eligible to receive the benefit, service members must: 1) meet a minimum time-in-service requirement of 30 months on a three-year enlistment or 20 months on a two-year enlistment; 2) receive an honorable discharge; and 3) earn a high school diploma during their initial enlistment if accessed as a non-high school graduate.

These requirements for the new GI Bill, which are more stringent than those required for VEAP or earlier GI Bills, could disqualify more than 50,000 people a year for benefits. Since the law does not allow for the refund of their contribution, we could be required, as a result of litigation, to provide administrative discharge boards to examine the reasons for member disqualification. Up to 40,000 new administrative discharge boards could be required each year. This requirement would cause severe disruption in our discharge process.

Currently, when an individual is found to be ineligible for the VEAP benefit, we are not obligated to provide a formal hearing because we can return the member's contribution. Because member contributions under the new program are a deduction from pay and are taxable, denial of the benefit after the contribution has been taxed creates additional grounds for challenges and litigation. We believe that Congress should change the law and allow the member a one-time refund.

The Secretary of Defense recently supported legislation proposed by Mr. Montgomery that would roll back the effective date of the GI Bill to the date of enactment of Mr. Montgomery's amendment. This will help recruitment and allow for a more orderly transition from VEAP to the new GI Bill. New recruits will have no reason to delay entry onto active duty until after 1 July 1985 since they will be eligible for the program as soon as the legislation becomes law. Secretary Weinberger further requested that this proposed amendment to the basic law ensure that current active duty members retain the right to enroll in VEAP through 1 July 1985 and that the Services be allowed to begin administration of the new program after 30 June 1985.

There are some additional changes currently being considered that we believe will further enhance the recruiting and retention appeal of this program. These revisions would affect the timing of the member's decision to decline participation in the program and the rate of the member's contribution over time. These issues are under active development in the Department.

MILITARY COMPENSATION

Military compensation is inexorably linked to our success in recent years in recruiting and retention. Our recovery from the difficulties experienced in the late 1970s in attracting and retaining the quantity and quality of personnel required to meet our national security objectives was due in large part to the implementation of a compensation program that was fair and competitive. However, the state of the economy during that time was also a factor in helping to create a favorable recruiting environment. Unemployment reached record high levels at a time when we were experiencing double-digit inflation. When military pay was raised to levels comparable to private sector pay, military service became an employment alternative for many young people.

As I have already noted, recruiting and retaining these high quality personnel is becoming more of a challenge. The economy has improved and youth unemployment is going down. Those who joined during the time when compensation was becoming more competitive will soon be making their decisions about reenlisting. There can be no doubt that economics will play a large part in that decision. Because of pay caps of the last three years and the proposed cap for FY 1986, the expanding civilian job opportunities and the increase in private sector wage levels, there will be some loss in careerists compared to what we would otherwise experience. However, it is our judgment, at this time, that we can achieve our manpower objectives.

We must maintain our commitment, both philosophically and in practice, to a compensation program that is fair and competitive. The Senate Appropriations Committee directed us to study military and private sector pay and benefits to determine how we "measure up" against private sector compensation programs. An initial report will be submitted by 1 May 1985. However, as will be pointed out in that study, we must always keep in mind that there are differences between military duties and civilian jobs for which a monetary value cannot be accurately established. The risk and reality of combat, loss of certain civil rights, family separation, and frequent moves are all an accepted part of military life. These conditions are rarely found with the same degree of frequency or intensity in private sector employment.

The active component force we have today is the best ever. We must do what is necessary not only to keep these outstanding performers, but to recruit more of the same. To do that, we must ensure that our compensation program is competitive enough so that our service members do not have to pay for the privilege of serving their country. Because of the Government-wide efforts to reduce the Federal deficit, the pay raise requested for FY 1986 is less than we would like. However, to off-set partially the effect of this, we are requesting that Congress make the pay raise effective one quarter early, 1 July 1985.

Permanent change of station (PCS) improvements that we are requesting for FY 1986 include increases in household goods weight allowance and funding for Temporary Lodging Expenses (TLE). We are considering legislation to provide per diem for dependents and to increase the mileage allowance. Without these PCS improvements, the service member will continue to pay out-of-pocket for moving expenses that should rightly be paid by the Government. We are also considering legislative proposals to enhance special and incentive pays, as recommended by the Fifth Quadrennial Review of Military Compensation (5th QRMC). Adequate funding for enlistment bonuses (EBs) and Selective Reenlistment Bonuses (SRBs) is crucial since they are the most cost-effective method for recruiting new accessions and retaining highly trained personnel in hard-to-fill specialty skills. Finally, it is essential that our members be protected from a reduction in pay through changes in federal tax policy. Current tax treatment of allowances and other military benefits is integral to the military compensation system and should not be changed without corresponding corrections in the total military pay package.

In the manpower overview statement I made to this committee last week, I touched on the issue of military retirement. Since the committee has scheduled a hearing on this subject, I will not address it here--except to say that the military retirement system is a vital component of military compensation and that it serves as a basic incentive for retaining the kind of personnel we need to sustain a mission-ready force. Any changes to the military retirement system must explicitly take into consideration the implications of those changes on the manning of the force. I look forward to examining this important issue with you in further detail.

We must protect the hard-won gains we have made in strengthening military personnel readiness, especially in the face of declining youth cohorts and unemployment rates. A wrong signal at this time could cause a repeat of the "hemorrhage of talent" which would cost us considerably to rebuild.

Long-term stability should be the ultimate goal of our compensation program. Short-term fixes in response to cyclical changes result in economic instability. The personal financial insecurity our service members experience, as a result of this instability, may result in personnel losses which cannot be immediately or easily remedied. The problems of the late 1970s have served to demonstrate the end result of miscalculations on what we can "afford" in the area of compensation. We must use the compensation system as a force management tool to support our manpower policies.

SUMMARY

Today, we are at a crossroads. We can build on current successes by increasing pay, bonuses, and recruiting resources moderately, or by denying those increases, we can chart a course that will return us to conditions faced in the late 1970s. Military manpower costs are visable and, thus, provide temptation as a target for immediate savings. Nevertheless, experience has shown that we will ultimately pay a greater price for such false economics--in the form of even larger budget expenditures in the future. The nation cannot afford for us to make that mistake again. Our people must remain our highest priority.

Thank you very much.

GI BILL

Senator **Wilson**. Thank you very much, Dr. Korb.

I am aware that the administration did not support the enactment of the new GI bill. It has, as you have observed, been authorized for testing through the next 3 years. However, I wonder what the Department's views would be if it were the Department of Defense, rather than the Veterans' Administration, which was required to fund the entitlements portion of that bill.

Would the Department cut other personnel programs or would it seek repeal of the program if the burden fell upon the Department, rather than the VA?

Dr. **Korb**. Well, let me tell you what happened when I came into office and I asked the services that question a couple of years ago when we were trying to develop a new GI bill. Everybody said they wanted it, and we asked what they would give up for it.

Other than the Army, which put the money into what we call the Army College Fund, the other services refused to give up anything for it, which told me that our other personnel programs were much more effective in getting in people and keeping the people we needed.

So if in fact the Department had to pay for it out of its own budget, I think we would take the position that it is not nearly as effective, for example, as a retention tool as selective reenlistment bonuses, and we would not be willing to give them up to pay for it.

RECRUITING DIFFICULTIES

Senator **Wilson**. I am concerned, too, that what you have decribed and what I have read in the submitted testimony of the other witnesses described a more difficult recruiting environment, that, given that environment and in light of the more sophisticated recruiting and advertising strategies being utilized by the services, we may find ourselves driving up the price of recruitment because of not only competition between the services, but also between the Active and Reserve components for the same recruits.

Would you give us your views on that issue, and what effort is being taken to avoid that unfortunate price-driving competition?

Dr. **Korb**. Well, as I mentioned in my testimony, we feel that, because of the fact that, particularly at the direction of the Congress, we have been told basically to increase the Reserve component more than the Active—for example, this year we are asking to increase the Reserve component by about 47,000 people, roughly twice the size of the Active component—given the fact that last year the Reserve components had trouble meeting their recruiting objectives, particularly two of the components, that they ought to get additional funding.

So the greatest increase, if you will, in the advertising budget goes in the Reserves, and that is on a percentage basis. But I do not think we are at the point where we are competing with each other in the sense of if one puts its money up the other one does.

Now, we take a look at our overall recruiting budget and then allocate the funds where we think they are most needed. For example, if you take a look at our individual service budgets, you will see that the Army gets the largest share of the recruiting budget because historically they have had the most difficult time in actually recruiting people.

If you take a look at our selective reenlistment bonuses, you will find that the other services, particularly the Navy, get a larger share because they have had the most difficult time in retaining people.

And I think what we try and do is basically the philosophy that Senator Glenn mentioned, try and put our money where the most critical problem is and, if you will, give a competitive advantage to those particular components that seem to be having the most difficulty.

Senator WILSON. Well, my question really is one that could be asked as well of the individual services. But because of the Department's role in the administration of the overall defense effort, it seems that there really has to be a departmental strategy.

Dr. KORB. There is, and that is what I mentioned. I guess maybe I did not make it clear enough, but there is a departmental strategy, where in fact the money within this fixed total is given in our overall compensation picture, recruiting and advertising being one component of it, to those who have the greatest need for that particular asset that we have.

And that is what we try and do. We do not say to each of the components: Here, it is all divided equally. What we say is: You have the biggest recruiting problem, therefore you get the most money for recruiting: you have the biggest retention problem, therefore we weigh the money in that particular area.

This year we are requesting to go from $134 million to $153 million, and that is on a request basis.

COMPARABILITY OF MILITARY WITH CIVILIAN PAY

Senator WILSON. Let me shift for a moment to the concept of comparability of military pay with civilian pay. This concept has been in place for a number of years now. For the purposes of these discussions, comparability has always been measured by utilizing a Bureau of Labor Statistics index, and the level of military basic pay, basic allowance for quarters, and basic allowance for subsistence. In making this comparison, the tax advantages of BAQ and BAS are not considered.

Additionally, in making this comparison none of the special or incentive pays, the enlistment or reenlistment bonuses are considered in determining if there is pay comparability. A substantial portion of military personnel receive these types of compensation. Many of these special or incentive pays and bonus have either been created or substantially enhanced since the late seventies.

And finally, the variable housing allowance, the VHA, likewise is not considered in determining comparability, and virtually everyone receiving BAQ also is receiving VHA. This allowance did not exist until 1981.

So let me put to you two questions. Of what value is it, if any, to speak of comparability between military and civilian pay when substantial portions of military compensation are not included in the formula, while virtually all portions of civilian compensation are included?

And second, why should the subcommittee believe that the experiences of the late seventies, when there was a lack of pay comparability, should be of much value or relevance in judging the appropriate levels of military compensation today, in light of the massive increases and improvements in the last 4 years which are not reflected in the pay comparability formula?

Dr. KORB. I think you have hit on an excellent point. When military pay was increased substantially in 1972 in transition to the All Volunteer Force, the link between military pay and the professional, administrative, and technical and clerical index—through civil service pay—should have been severed. But this was not done. Now because of that, military people, as well as civilians working for the Federal Government, look at that index and they make a judgment as to whether in fact their pay is fair. And so we have to live with that unless it is changed by Congress.

For example, articles in the Service Times, which is one of the major means of communication among military people, report that, compared to various indices, military pay is now farther behind private sector pay than it was in the late 1970's. However they do not take into account some of the things that you have just mentioned.

If I had my way, I would drop the word "comparability" altogether. I think what we ought to have is a system that is fair and competitive, and by "fair" I mean that everybody in the military, based upon their particular grade, should be entitled to a decent standard of living. And then I think we have to be competitive to deal with those particular situations in which there is tremendous demand, particularly from the private sector.

That is why the last time I was up here, when you asked me about targeting the pay raise, I said, if we decide that 3 percent is fair, everybody ought to get it and we ought to use special and incentive pays to deal with particular situations.

I think you are quite right and I think we ought to publicize more the concept that the adequacy of military pay encompasses the total military compensation system, not just base pay or regular military compensation. I certainly try, but lots of times it does not get out to the field.

I was asked several times by reporters from the Service Times, well, what happens if you have a pay freeze or you do not have a 3-percent increase? And the point I made was, you have got to look at other things. What happens in the permanent change of station allowance, what happens to the temporary lodging allowance?

I know that 2 years ago the thing that I heard from the people in the field, particularly overseas, was we have to fund overseas dependent travel, because we have lots of folks overseas who have youngsters in school back in the United States and it costs them a lot of money to have the youngsters come and visit them in the summertime or Christmas time.

Well, we got that from the Congress, and certainly that ought to be taken into account. And I think if one takes a look at all of the things, not just basic military compensation or regular military compensation, but looks at the whole picture, including changes in PCS, VHA, and tax cuts that have been made in the last couple of years, military people are better off than they were 4 years ago, even though compared to the PATC or the ECI it doesn't look quite as good.

Senator WILSON. Well, in light of your response I take it that you think it may well be time to either drop that, as you said, or at least recalculate the formula?

Dr. KORB. I think so, and we are in the process of doing that right now, because I have been as concerned as you have. By May 1 this year we are going to give a preliminary report to your colleagues on the Senate Appropriations Committee on this particular subject, because they had been concerned about it, too.

Senator WILSON. All right. We will await that report with keen interest.

STANDARD OF LIVING

One final question before I yield to Senator Glenn for his questions, and it really has to do with the entire basis for trying to determine what is, if not comparable, fair, adequate, to use your phrase, the kind of program that will afford everybody at least a decent standard of living. We are clearly right to be concerned about that.

But I am concerned, too, with other factors, and I know the service chiefs have been, and individual commanders very obviously have been concerned, on the basis of my visits with them. The other concerns they have had deal with the lifestyle, the way that members of the armed services feel about what they are doing.

And I gather the British have been very much concerned with that and have described an *x* factor in explaining recruitment and retention factors, relating to the desirability of the service life and the general mood of patriotism and how they are viewed by the public as career armed service specialists.

I am not aware of anything recent, at least, that attempts to try and measure the comparative importance of the purely decent standard of living in a material sense with these other, admittedly less tangible, more difficult to measure factors.

Could you give me what there is on that subject?

Dr. KORB. Well, as you mentioned, because they are intangible, they are very difficult to measure. However it is very clear, if you look at certain indicators such as opinion polls, and comments from the general public, and the way in which youngsters rate a military career as opposed to other options that they have, that the military has recovered from the decade of the seventies, in which, because of the horror of Vietnam, people basically turned their back on the international scene. The military, of course, being involved in these international events, suffered from it.

In my view, public support is probably the most important thing that determines the people that you get and that you keep. I do not care how much you pay somebody, if the military people do not feel that society appreciates their sacrifices and it is not a career that has esteem, they are not going to stay.

We have all kinds of surrogate or substitute measures to indicate this, such as being invited back by their high schools to speak, when years ago they would not. And people now wanting to wear their uniforms when they are on active duty, where years ago they did not want to do things like that.

I think President Reagan has put it very well. He said it is now an honor to wear the uniform of the country again, and that is really I think what you are talking about. If we lose that, I think we are going to have trouble getting and keeping good people, regardless of how we bring them in.

Senator **WILSON**. Thank you.

Senator Glenn?

Senator **GLENN**. Thank you, Mr. Chairman.

MILITARY CIVILIAN PAY COMPARABILITY

On this point of comparability that was supposed to have been sort of a yardstick against which to measure military pay increases, how do you objectively measure whether military members are receiving the decent standard of living you referred to? Just by their gripes if they do not have it or what?

I do not know how you make that kind of a measurement.

Dr. **KORB**. There are a number of ways. One of them obviously is the gripes. And we have, for example, exit interviews when people leave the service. We also have models that tell us what we can do to various levels of compensation in terms of whether we can attract certain people.

There are other things like eligibility for food stamps and claims for Navy relief and Army community services. So there are a great many things that you can look at.

The problem that we have is the worst of all possible worlds. Because of the linkage in law between military and Federal civilian pay raises, the civilian pay raise that is determined each year by the President's pay agents to be necessary to achieve "comparability" is automatically applied to the military. Through caps on civilian pay raises for a number of years, this annual "comparability" figure has in effect lost relevance, but it still creates an impression among many military personnel that they are getting less than they are entitled to.

And then, according to the law, the so-called Rivers amendment, military is supposed to get what civilians get, because that is the end of this comparability. Now, unless we change the law and get away from that, I think we are going to continue to have problems.

In my view, military pay and pay for civilian Government employees should not be judged by the same standards. They are completely different types of life, completely different types of demands. But the way the law is now, they are linked together and so they are judged together.

Senator **GLENN**. Well, I agree with you—you know, if you have a forklift operator, he is a forklift operator, whether he is in the private sector or working in a Government warehouse someplace, and so you make a comparability pay judgment and that is that. And he lives out on the civilian market and is not required to go to war and is not required to be away from home all the time and so on.

And I think it is a whole different thing on the civilian pay scales working for the military, as opposed to the military requirements. So that is the reason I was following up a little bit on that.

We can talk about that all day, but this pay raise we are talking about, the 3 percent for July 1985 you are requesting for military personnel, it would go into effect just 6 months after January's 4 percent pay raise. Now, if you want to give military personnel a 3 percent pay raise, why would it not make more sense to make it effective January 1, 1986, a year after the last raise?

After all, we are in a budgeting crunch and we are talking about a difference of $1 billion.

Dr. KORB. Well, first of all, by law and by custom, the raise that went into effect in January should have gone into effect October 1. So that raise was late.

So, in effect, military people lost some buying power that normally they should have had at the beginning of the fiscal year. In other words, if you go back you will find out there was a 15-month wait between a couple of pay raises because they were delayed.

The other reason that we asked for it in July is because we are not asking for the 4 percent which we basically estimate is going to be necessary to maintain the standard of living. We are asking only for 3 percent, and by moving it up to July, in effect, that gives the same amount of buying power as the 4-percent raise would be if it went into effect October 1.

We were caught, if you will, in the feeling that in the 1986 budget there would be restrictions on cost of living increases for people getting retirement checks from the Government. The administration was asking for a reduction in civilian pay. So this raise was moved up into 1985 to avoid the comparisons between those other systems.

Senator GLENN. OK. Then this would what, meet with the agreement that there would be a freeze during 1986?

Dr. KORB. That is correct. We have no raise in our budget for 1986. We are asking for this raise in July, which would be in fiscal 1985.

Senator GLENN. How can you guarantee that far in advance you will not be in an even worse bind in 1986 and be forced to come back for something else then?

Dr. KORB. Senator, we cannot guarantee anything.

Senator GLENN. I was surprised to see an agreement for a freeze in 1986 if you have got this 3 percent right now.

Dr. KORB. Well, if you get the 3 percent in July it has the same effect as getting a 4-percent raise in 1986 in terms of the amount of buying power that you will have.

Senator GLENN. The fiscal 1986 budget includes a total of about $640 million increased PCS reimbursements. Is that an accurate figure?

Dr. KORB. That is close. The actual figure is $650 million.

Senator GLENN. What specific initiatives does that include?

Dr. KORB. Well, what we are trying to do primarily is get the PCS reimbursements up to something where people do not lose money every time they move. A year ago it was 13 cents reimbursement. Last year, with the help of, particularly of this committee, we got it up to 15 cents.

Senator GLENN. Is any of it a lump sum or anything like that?

Dr. KORB. No, sir. What it would amount to——

Senator GLENN. Was it all increased tonnage?

Dr. **Korb**. That is part of what we are asking for in fiscal year 1986.

But first of all, we want the people when they move, if they are moving with three dependents, to be able to get up to 20 cents a mile, which is certainly not out of line with what it costs to move.

And then the other part of that, as you correctly pointed out, is we would like to give people the ability to move more poundage. We would like to give everybody increases in their household goods weight allowances with 18,000 being the maximum. Right now it goes from 225 pounds to 13,500 pounds.

Because of those two factors, people basically are losing money every time they move. The Air Force tells me that every time somebody in their service moves for every dollar the Government gives them they spend $3 out of their own pocket.

Senator **Glenn**. Well, I do not know in the old days that it was quite that bad that it was a 3-to-1 or a 4-to-1 ratio there. But I know I always felt I lost money on every transfer, and there always were some things where the wife did not like the drapes from the old house or they did not fit the windows in the new house or they did not do something.

And you have a lot of things that could only be covered by a lump sum, and I think it is very difficult to get in that area and give just a lump sum payment. But I would think maybe there ought to be some consideration.

Dr. **Korb**. Well, one thing we are trying to do this year is to get the Congress to fund what we call the temporary lodging expense, because up to now if when you get there the house is not ready or you have to move out earlier you do not get reimbursed. And that of course is a lot of money out of your pocket, too.

It has been authorized since 1981, but never funded.

RECRUITING

Senator **Glenn**. Let us get over into recruiting just a second here. On rolling back the effective date of the new GI bill from July 1985, to last October. Now, that seems a rather strange request to me because, in addition to giving a recruiting incentive to people we have already recruited, that would be a real waste of advertising dollars, too, because the Army has already started a very expensive ad campaign on TV to advertise the July 1st starting date.

There were Army ads, I think, on between some of the basketball games just this past weekend. Moving it back does not gain you anything in recruiting as I see it.

Dr. **Korb**. Well, what we are basically trying to do is get it moved back. Obviously it is not going to be retroactive, so people are not going to wait until the 1st of July to join.

In other words, lots of youngsters out there have known about this bill since it was passed. And what we would like to do is have the flexibility to move it back. Now, obviously I would be overjoyed the closer it came to the time——

Senator **Glenn**. Well, maybe I misunderstood. I understood the proposal was to move the effective date back from July 1, 1985, to last October.

Dr. KORB. What we wanted to do basically——

Senator GLENN. Taking into consideration the fact that this bill will not pass—whatever we come out of here with, it is not going to pass until May or June of this year anyway, probably. So you are moving from an effective date of about 30 days away back to last October, which is a give-away.

Dr. KORB. Well, I think what it would do is it would give the people who came in after the enactment of the bill——

Senator GLENN. OK, now we are back to our basic difference we had last year when these bills were being considered: Are we using this as a recruiting tool, which I thought we should do, or are we using it for everybody that comes in, it is an across the board benefit to everybody? And that was our basic difference last year.

Now, if we are going to make it for everybody it is a whole different cost and a whole different ball game than if we are using it as a recruiting tool, which is far cheaper and what I wanted to do last year in light of our budgetary difficulties.

And you know, I would like to give everybody an education. That is fine. But I was trying to selectively target things last year.

Dr. KORB. I could not agree with you more, Senator. In my view, we do not need this bill. We had an excellent program and we were given this bill by the Congress. My job now is to try and get all of the wrinkles in that bill ironed out so that we do not have people saying: Well, I joined after the enactment of the bill; if I had known that I would have waited until July; how come he or she can get it and I cannot?

If I had my druthers, I would have taken our position first, yours second, and this a very, very poor third.

Senator GLENN. OK. Then you do not advocate—do I understand, then, DOD's position? Is it DOD's position we go back to last October or is it not?

Dr. KORB. If we could go back, it would make our morale problems somewhat simpler.

Senator GLENN. Well, what is magic about last October?

Dr. KORB. That is when the bill was passed.

Senator GLENN. What about 1950?

Dr. KORB. That is when the bill was passed.

Senator GLENN. Not 1950.

Dr. KORB. That is correct. This was when the new GI bill came in, that is correct.

I think the key thing here is we have a bill that needs a lot of technical adjustments to it so that it can be fair.

Senator GLENN. That not being one of them as far as I am concerned.

Dr. KORB. Well, I think that there are some who would feel that it would be. My main concern right now is that we get it moved up as much as we can, so that people do not wait until July to come in.

Senator GLENN. Well, I do not want to rehash old stuff here all the time, but last year we worked very closely with DOD and with the Army in particular. They were having some respective difficulties in recruiting, and the Army can comment on this later if they like, but we worked very closely and felt that the targeting we did was specifically what they needed and that is what we targeted it to. These were the specific needs.

And the House in its wisdom went ahead and passed the bigger bill and it was the only game in town, so we went along with it over here. But it was something we felt was unnecessary at the time over here—there was a different philosophy.

One, if you are going to give the educational benefits to everybody, then that is one approach. That is the old GI bill approach to things, which is very expensive in light of our current budget difficulties. And we took a much more targeted approach and used it as a recruiting incentive, and that was that.

And that is the reason why I just do not see, if you take the recruiting incentives and that is what you are for over in DOD, what you just said, than I do not see why you go back from July 1 or to last October.

Dr. KORB. Well, let me put it this way. All I would like to do is just make it effective as soon as we can, so that we minimize any impact on recruiting.

Senator WILSON. You mean you are effectively saying it was a bad idea, but we should do it as quickly as possible?

Dr. KORB. I am trying to make the best of a bad situation that is essentially what I am trying to do. We have been working with your staff since last October to try and iron this out.

Senator GLENN. Were the recruiting goals missed during this time period?

Dr. KORB. The recruiting goals were not. What we have had is a downturn in the number of contracts signed, which will eventually show up. We are getting the people that we need because we went into the year with, in the delayed entry pool, with about 40 percent of our requirements.

Senator GLENN. My time is up here. I do have more questions and I may want to submit some of these for the record, Mr. Chairman, and ask you Dr. Korb, to reply to those, because we will not have time to get into all of them this afternoon. I have questions on that and the GI bill, and some other things,too.

Senator WILSON. Thank you very much, Dr. Korb. We could spend more time with you, but we will ask you to put it in the record.

GI BILL

Senator GLENN. Let me just ask one more here. Do you see a change necessary in the opt-in versus opt-out version of the GI bill? There is considerable difference in that, because ours, in the Senate version, you made a selection when you came in and you opted into that program.

And now everybody is in it unless they opt out, which is a different approach to it. And if we planned it that way, we would probably have enough people in that it would cost $600 million or $700 million more a year by the time it is up to a steady state, once you ramp up year to year, you would reach a plateau there obviously.

Even though the VA would be paying most of that bill, our overall budget problem, again, would be some $600 million a year.

Dr. KORB. I agree with you. What I do not want to happen is this. The way the bill is structured now, you take a youngster, 17, 18 years old, and they decide to join the service, and you tell them within 3 days they have got to decide whether or not they want the GI bill. Once they make that decision, it is irrevocable.

If a 17 or 18 year old came and you were the company commander or the recruiter and you said, do you want to go to college, and they said, gee, I do not know. Are you going to tell them to join, because they cannot get that $1,200 back once they make that decision and once they get into that program there is no refund?

And that is what I want to avoid. What I have a nightmare about is, we will have a youngster who will come in and they say, yes, I want the GI bill, and so they put in there they make the decision to go, to pay the $100 a month.

But, 3 months later, after they have gone through basic training, they end up down in their particular unit and they say, gee, I like the Army or the Marines or the Navy or the Air Force, I really like this, I want to stay in, I do not want to go to college. What I would like to do is take my money out now.

Senator GLENN. You see, my approach was, if he opted to stay in the regulars, at that point then he got his money back. And if he did not and changed his mind, then he contributed.

You are sort of flying in the face of the intelligence of these kids. We are saying we are getting high school graduates, AFQT scores are up. They are smart kids now, they are bright enough. I say they are bright enough to make their decisions and stick with it at that point.

I would not play them along and say, you can have it this year but you cannot have it next year, and then you put three different options in there every year and you have got seven options, and the kids never know where they stand. And my approach was that the kid gets in because he knows he wants that educational benefit.

It is a recruiting tool. He signs up for it, and if something else happens and he wants to go regular or whatever then bless him, we will give him his money back on that basis and that basis only.

Dr. KORB. That is right. But right now he or she cannot get it back. That is what I am afraid of. And let me tell you something——

Senator GLENN. I hope you work on that change.

Dr. KORB. Let me tell you something else I am afraid of on this particular thing. Since he or she cannot get it back, they may just get out to spite you, to use your money, and in fact you would lose that person that you want to keep in.

Senator GLENN. All right. Well, I have taken more than my fair share of time, Mr. Chairman. Thank you very much.

Senator WILSON. Let me invite you to expand your remarks for the record. I was going to ask you to explain it, but we really are in need of moving on to the other witnesses. But I would appreciate that.

Dr. KORB. Yes, sir.

Senator WILSON. Thank you very much, Dr. Korb.

Now we will welcome back for his second appearance Secretary Jim Webb, Assistant Secretary of Defense for Reserve Affairs. Welcome, Mr. Secretary.

STATEMENT OF HON. JAMES H. WEBB, JR., ASSISTANT SECRETARY OF DEFENSE FOR RESERVE AFFAIRS

Mr. **Webb**. Mr. Chairman, I have a prepared statement. I would ask that it be entered into the record.

It is a pleasure for me to appear before this subcommittee to discuss recruiting and retention in the National Guard and Reserves once again. I would like to acknowledge the significant contribution that this subcommittee has made in support of the Department's endeavor to enhance the readiness of our Reserve components and the quality of their members.

As you know, Mr. Chairman, the selected Reserve strength is now at an all-time high and further growth is programmed to meet the mission readiness and sustainability requirements placed on our Reserve Forces. I am convinced we can meet the manpower strength objectives which we believe necessary. But we will need your support in several key areas.

The first area is selected Reserve personnel strength. Between fiscal 1980 and 1984, selected Reserve end strength increased by more than 20 percent. The fiscal year 1984 end strength of 1,045,828 surpassed the previous peacetime high of 1,006,600 attained in fiscal year 1959.

A further end strength increase of 78,300 is projected by the end of fiscal year 1986, of which 47,000 is programmed for fiscal year 1986. This increase reflects the demands of new and expanded missions assigned to the Reserve components and includes an expansion of our full-time support capabilities.

Even in view of the increased training requirements associated with these significant total strength increases, our trained strength in units will continue to improve. It is predicted to improve from 85.7 percent in fiscal year 1984 to 88.8 percent in fiscal year 1986. We expect to exceed 90 percent aggregate manning with trained personnel during fiscal year 1987.

FULL-TIME SUPPORT PERSONNEL

The second area is full-time support. Full-time support personnel are assigned to the Reserve components to perform management, administration, training, equipment maintenance, and similar essential tasks. They also include those assigned to that vital segment of the full-time force responsible for Reserve recruiting and retention.

These personnel include Active Guard and Reserve members, military technicians, Active Force members, and Department of Defense civilians. Overall full-time support personnel strengths must increase as the Guard and Reserve components expand in size. Day-to-day peacetime missions cannot be fully accommodated and high technology aircrafts, ships, tanks, and other sophisticated weapons cannot be satisfactorily maintained without the stability, continuity, and expertise provided by full-time support personnel.

As our missions have expanded and equipment has become more complex, our ratio of full-time support personnel to total selected Reserve strength has necessarily increased. The largest increase in our program responds to the recognized need for increased unit level full-time support in the Army components to support the effective use of the limited training period.

RECRUITMENT AND RETENTION

The third area is recruitment and retention. The ability of the National Guard and Reserve components to meet their strength goals is dependent in large part on their ability to control attrition, particularly unprogrammed attrition. With nearly 70 percent of the selected Reserve in the Army National Guard and Reserve, the attrition experience of the Army Reserve Forces is particularly important.

Our initial analysis of people coming into the selected Reserve between fiscal years 1977 and 1981 indicates that by the end of the third year following prior service enlisted entry into the Army Reserve components, about 60 out of every 100 will have left. For members coming in with no prior service experience, about 45 of every 100 will have left the Army Guard, and 55 of every 100 will have left the Army Reserve. By the end of their initial 6-year period, only about 25 of every 100 will remain for possible reenlistment.

It should be obvious that by reducing selected Reserve attrition we reduce personnel turnover within the units, and thereby directly enhance readiness, while also saving dollars. General Sennewald, who is the commanding general of FORSCOM, stated recently that if we could cut attrition in the Army Reserve by 10 percent, the Government could redirect approximately $85 million into other programs.

While unprogrammed attrition remains much higher than we desire, overall selected Reserve Force continuation rates have improved. This improvement in broad terms explains why the Reserve components were able in 1984 to achieve an increase of about 83,000 over their 1982 end strength, even though accessions declined by about 10,000 per year in 1983 and 1984.

This achievement resulted from service and command emphasis and leadership. We believe better equipment and more realistic training made a major contribution, and an important part was the result of selected Reserve incentive programs.

We have found that bonus-takers in the Reserve components, all of whom must be in the higher priority units and in the most needed skills, serve longer, thus demonstrating the validity of our enlistment and reenlistment incentives.

ACCESSIONS

Another area is accessions. Over the past 5 years, the Reserve components have averaged slightly less than 230,000 enlisted accessions per year from all sources. In fiscal year 1984 there were slightly less than 222,000 accessions into the selected Reserve, of which 101,000 were nonprior service entrants. Nonprior service accessions have averaged about 100,000 a year since 1980. It is the nonprior service accession that is becoming increasingly difficult to recruit, as evidenced in fiscal year 1984.

Our program calls for 226,400 and 247,300 accessions in fiscal years 1985 and 1986, respectively. Of course, if attrition management efforts continue to reduce early nonprior service losses and we can slow down prior service early losses, these figures could be adjusted downward.

The quality of individuals enlisting in the Reserve components, measured in terms of the percentage of high school graduates and of those with average or above scores on the Armed Forces qualification test, has improved significantly since 1980. The increase has been most significant in the Army Reserve components, where the total percentage of high school graduates increased from 73 percent in fiscal year 1980 to 82 percent in fiscal year 1984.

Our program provides $7.5 million for joint Reserve recruitment advertising resources. This program has been held at approximately $2 million since 1981, when it was first authorized. Media and advertising production costs have grown during the ensuing 4 years and our request for this program in fiscal year 1986 will restore advertising buying power to a level that will permit us to sell Reserve recruiting programs effectively, particularly to the faltering nonprior service market.

EDUCATIONAL ASSISTANCE

I would like to mention educational assistance and incentive programs. The revised GI Educational Assistance Program for the selected Reserve, which we will implement on July 1, differs from the active program in that it is a direct entitlement with no deduction in pay. We do not have a firm basis on which to project the use and effects of this test program.

Also, it is not clear how many of those who do avail themselves of this program will enlist for critical skills or for service and priority units, a requirement of the previous educational assistance incentive. I believe that we must, as a minimum, continue the current incentive authorities to ensure satisfactory manning of priority units and skills.

Congress first established incentives for the selected Reserve in fiscal year 1978. Public Law 95-79 also authorized nonprior service enlistment and reenlistment incentives in the Reserve components. Reenlistment bonuses were implemented on a test basis in fiscal year 1978.

Test results showed that these bonuses increased the reenlistment rate, lengthened the term of commitment, and deterred actual attrition. Subsequent modifications to the Reserve bonus program, including enlistment bonuses, affiliation bonuses, educational assistance, and a student loan repayment program, provide us with a powerful and cost effective tool for selective use. The most significant gain is in reduced attrition and longer and higher quality enlistments.

As the pool of available manpower declines, some analysts have expressed concern that the active and Reserve components will be in greater competition for recruits. As you mentioned earlier, Mr. Chairman, undoubtedly we are going to face greater challenges in both Active and Reserve recruiting.

However, we believe there are significant differences in the dynamics of Active and Reserve Force recruiting that suggest the two are not entirely comparable, and I would be pleased to address some of those if you wish.

In my statement submitted for the record, I enumerate several other initiatives that we are actively pursuing at this time. In the interest of brevity I will only mention them, but urge your attention to the details in the statement.

They include: Improved and more realistic protection for reservists and their families from the risks to their physical and economic well-being that accompany the performance of military duty, particularly those risks associated with disability or death from illness and disease;

The need to clarify the intent of Congress concerning application of the UCMJ to the Reserve components;

New measures and programs to enhance family, employer, and community support for the Guard and Reserve.

In conclusion, I would like to emphasize that the National Guard and Reserve face significant challenges in the next few years. They have more people of higher quality than at any previous time. Commitment, capability, and readiness have all improved significantly within the past 5 years. Better training and equipment and the clear sense of the extent of which Guard and Reserve Forces are required for both peacetime and wartime missions have helped immeasurably. We are challenged, however, to make sure the mechanisms are in place and working effectively to maintain a quality force as we face the double challenge of increased strengths and a tougher recruiting market.

I am confident, as are the leaders of the Guard and the Reserve, that we can meet our strength goals this year and in fiscal year 1986. But we will continue to rely heavily on your support.

That concludes my statement, Mr. Chairman.

[The prepared statement of Mr. Webb follows:]

PREPARED STATEMENT OF JAMES H. WEBB, JR., ASSISTANT SECRETARY OF DEFENSE (RESERVE AFFAIRS)

Mr. Chairman and members of the subcommittee:

It is a pleasure for me to appear before this committee to discuss recruiting and retention in the National Guard and Reserve. Once again, I would like to acknowledge the significant contribution that this subcommittee has made in its support of the Department's endeavor to enhance the readiness of our reserve components and the quality of their members. As you know, the Selected Reserve strength is now at an all-time high and further growth is programmed to meet the mission, readiness and sustainability requirements placed on our reserve forces. I am convinced that we can meet the manpower strength objectives which we believe necessary, but we will need your support in several key areas.

Selected Reserve Personnel Strength

Between FY 1980 and FY 1984 Selected Reserve end strength increased by over 20 percent. The FY 1984 end strength of 1,045,828 surpassed the previous peacetime high of 1,006,600 attained in FY 1959. A further strength increase of 78,300 is projected for the end of FY 1986. Just over 47,000 of this increase is programmed for FY 1986. This increase reflects the demands of new and expanded missions assigned to the reserve components and includes an expansion of our full-time support capabilities.

In FY 1986 the growth in Selected Reserve manpower end strength of some 12,000 Army National Guardsmen and nearly 15,000 Army Reservists is focused on improving force readiness and modernizing force structure. The activation of new units is planned for both the Army Guard and Reserve. The increase of over 13,000 in the Naval Reserve represents manning to meet wartime requirements and the addition of four frigates with supporting maintenance. The Marine Corps Reserve increase of about 1,300 Selected Reservists will meet needs of requirements generated by unit activations and reorganizations and will increase ground combat and support capability. The Air National Guard and Air Force Reserve are programmed to increase their end strengths by approximately 3,200 and 2,600 respectively. These increases support conversions to new aircraft, increased flying hours and crews, and enhanced training, munitions, aerial port and aeromedical evacuation capability.

Even in view of the training requirements associated with these significant total strength increases, our trained strength in units, as shown in Table 1, will continue to improve. It is projected to improve from 85.7 percent in FY 1984 to 88.8 percent in FY 1986, for all reserve components. The FY 1984 percentages range from about 81 percent in the Army Reserve to close to 100 percent for the Air Force Reserve. We expect to exceed 90 percent manning with trained personnel during FY 1987.

TABLE 1

TRAINED MANNING IN UNITS AGAINST WARTIME REQUIREMENTS
(Thousands)

DoD	FY 1984 Actual	FY 1985 Estimate	FY 1986 Estimate
Wartime Requirements in Units	1082.4	1099.8	1116.2
Selected Reserve End Strength	1045.9	1077.0	1124.1
Total Trained Personnel in Units	927.2	950.8	991.6
Percent Trained in Units	85.7	86.5	88.8

Table 2 depicts the Selected Reserve strength profile by reserve component.

TABLE 2

SELECTED RESERVE END STRENGTH
(Thousands)

Component	FY 1980* Actual	FY 1984 Actual	FY 1985 Estimate	FY 1986 Estimate
Army National Guard	366.6	434.3	438.4	450.5
Army Reserve	213.2	275.1	285.6	300.5
Naval Reserve	97.1	120.6	128.7	141.8
Marine Corps Reserve	35.6	40.6	41.8	43.0
Air National Guard	96.3	105.0	107.7	110.9
Air Force Reserve	59.8	70.3	74.8	77.4
DoD Total	868.6	1,045.8	1,077.0	1,124.1

* For consistency, FY 1980 strengths have been adjusted to include Navy Training and Administration of Reserves (TARS) and Category "D" Individual Mobilization Augmentees (IMA's).

Full-Time Support Personnel

Full-time support personnel assigned to the reserve components perform management, administration, training, equipment maintenance, and similar essential tasks. They also include that vital segment of the full-time force responsible for reserve recruiting which I will discuss separately. These personnel include Active Guard and Reserve (AGR) members, military technicians (whose "full-time" contribution is civilian, but who mobilize with the supported reserve component unit as

Selected Reservists), the active force members who provide full-time support but are included in active force end strengths, and the Department of Defense civilians who provide a full-time support role in a strictly civilian capacity and would not mobilize with the unit.

Overall, full-time support personnel strength numbers must increase as the reserve components expand in size. It is important, however, that one does not attempt to infer a linear relationship between growth of the Selected Reserve and the full-time support. The numbers needed must be derived from a detailed analysis of requirements to support specific units and missions.

The relative cost of uniformed full-time support would be approximately the same whether performed by full-time Reservists or Guardsman or by regular active duty members. The cost for each individual is based on their grade and current policy is that the requirement dictates the grades authorized.

The AGR growth from FY 1980 through FY 1984 has been approximately 23,000 personnel. An additional growth of 8,800 is projected for FY 1985 and 19,600 for FY 1986. There is a decrease of 3,100 in active component support to Guard and Reserve units. We are also requesting growth in the military technician program to 63,586 in FY 1986. Table 3 depicts the current plan for the AGR, the military technician, active component, and civil service programs. Figure 1 shows these categories of full-time support by component as a percentage of Selected Reserve strength for each component for FY 1984 and FY 1986.

TABLE 3

FULL-TIME SUPPORT (END STRENGTHS)

Active Guard and Reserve (AGR)

	FY 1984 Actual	FY 1985 Estimate	FY 1986 Estimate
Army National Guard	16,656	20,583	30,679
Army Reserve	8,822	10,700	14,714
Naval Reserve	13,327	15,210	19,510
Marine Corps Reserve	803	1,129	1,475
Air National Guard	5,773	6,469	7,269
Air Force Reserve	489	603	635
Total DoD	45,870	54,694	74,282

Military Technicians

	FY 1984 Actual	FY 1985 Estimate	FY 1986 Estimate
Army National Guard	24,589	24,119	24,129
Army Reserve	6,973	7,585	7,623
Air National Guard	22,160	22,401	22,792
Air Force Reserve	7,973	8,305	9,042
Total DoD	61,695	62,410	63,586

TABLE 3 (Continued)

Active Component

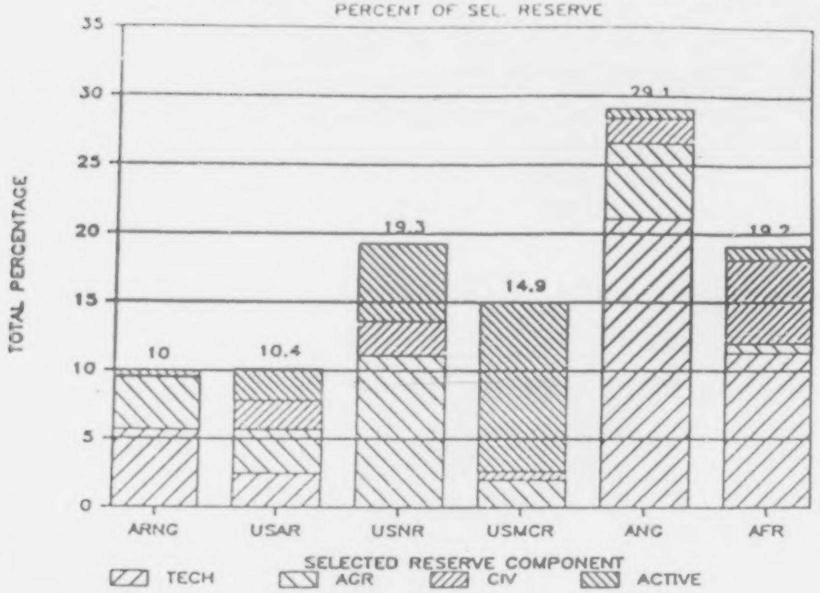
	FY 1984 Actual	FY 1985 Estimate	FY 1986 Estimate
Army National Guard	1,604	966	966
Army Reserve	6,653	5,712	5,469
Naval Reserve	6,867	5,847	5,816
Marine Corps Reserve	6,067	6,025	6,406
Air National Guard	749	736	730
Air Force Reserve	691	744	654
Total DoD	21,596	18,746	18,466

Civil Service

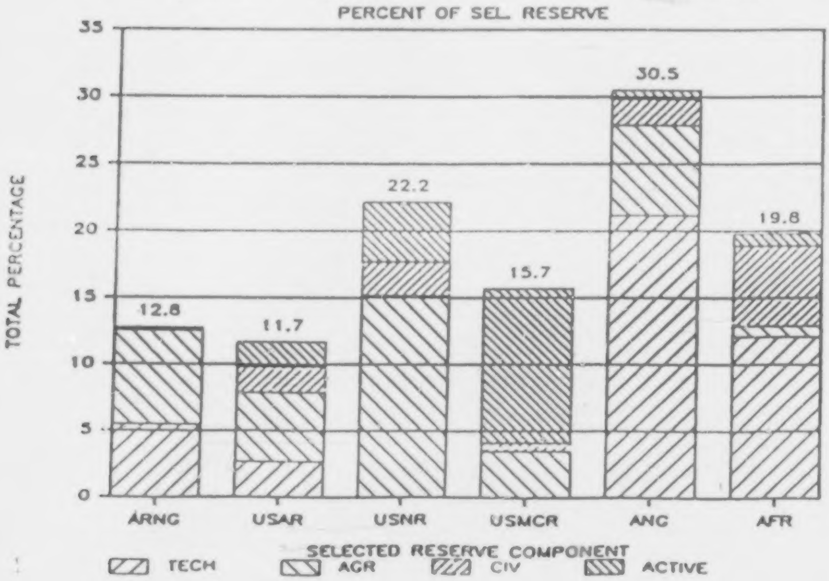
	FY 1984 Actual	FY 1985 Estimate	FY 1986 Estimate
Army National Guard	439	424	424
Army Reserve	5,648	6,088	5,500
Naval Reserve	3,050	3,096	3,191
Marine Corps Reserve	232	221	256
Air National Guard	1,885	2,077	2,077
Air Force Reserve	4,324	4,543	4,503
Total DoD	15,578	16,401	15,949

FIGURE 1

FULL-TIME SUPPORT FY1984



FULL-TIME SUPPORT FY1986



While total full-time support levels and composition vary among the reserve components, they are essential to the effective management and training of the National Guard and Reserve forces. Changing missions and conversion to or acquisition of more complex equipment necessitate the employment of adequate numbers of full-time support personnel. Further, the recognized need within the Army components for an increased level of unit full-time support is provided for. Day-to-day peacetime missions cannot be fully accommodated and high technology aircraft, ships, tanks, and other sophisticated weapons cannot be maintained without the stability, continuity and expertise provided by full-time support personnel. Thus, as our missions expand and equipment becomes more complex, our ratio of full-time support personnel to total Selected Reserve Strength will necessarily increase.

The largest total full-time support growth, approximately 14,000 between FY 1984 and FY 1986, is in the Army's reserve components. The Army National Guard total full-time support percentage will increase from 10.0 percent to 12.8 percent and the Army Reserve from 10.4 percent to 11.7 percent. The bulk of the increases will go into Guard and Reserve units to support activities such as training, supply, transportation, and administration.

Navy full-time support will increase by approximately 5,300 positions. Approximately 4,300 of the increase is in the Navy TAR program. Some 1,500 of this increase in the TAR program is attributable to an accounting realignment of recruiters on tours of one or more years in support of the Naval Reserve. These recruiters were formerly included in the active Navy account and will now be properly reflected in the reserve account. Over one-half of the remaining TAR increases are going to ships, with the remainder to maintenance and other support facilities, fleet readiness squadrons, and recruiting. The moderate growth programmed for the other components is attributable to force structure and mission.

Recruitment and Retention

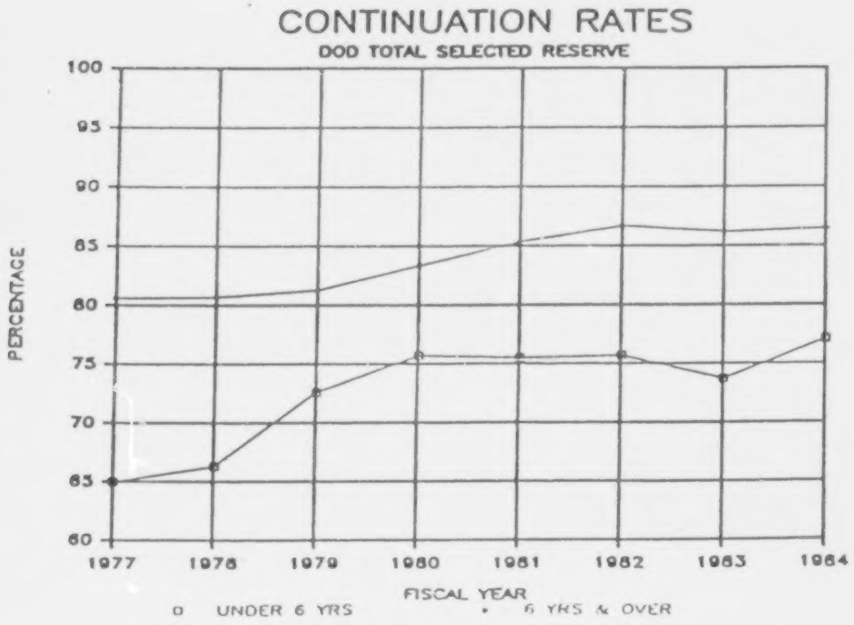
The ability of the National Guard and Reserve components to meet their strength goals is dependent in large part on their ability to control attrition--particularly unprogrammed attrition. With nearly 70 percent of the Selected Reserve in the Army National Guard and Reserve, the attrition experience of the Army reserve forces is particularly relevant. Last month, General Sennewald, Commanding General, United States Army Forces Command, stated:

> "In FY 1984, the USAR had 57,000 non-ETS losses. In training costs alone, that represents over $650 million. When you add the costs of recruiting the replacements, the Army paid a sizable unnecessary bill. By cutting those losses by 10 percent, we can allow the government to redirect over $85 million into other needed programs."

In addition, it is obvious that by reducing attrition we reduce personnel turnover within units--and thereby directly enhance readiness.

While unprogrammed attrition remains much higher than we desire, overall Selected Reserve force continuation rates have improved, as illustrated in Figure 2. This improvement, in broad terms, explains why the reserve components were able in 1984 to achieve an increase of some 83,000 over their 1982 strength even though accessions declined by about 10,000 in each of the past two years.

FIGURE 2



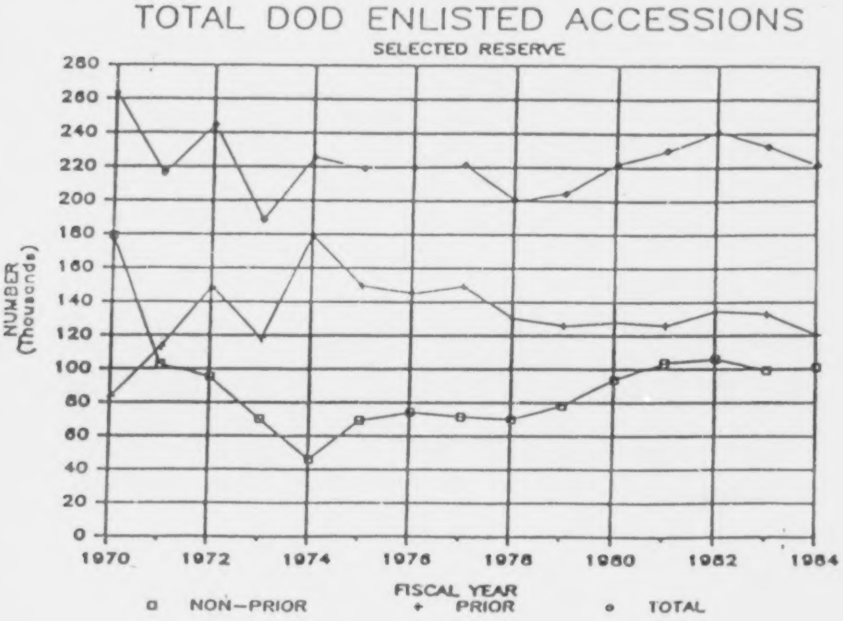
This achievement was not accidental. It resulted from service and command emphasis and leadership. We believe better equipment and more realistic training made a major contribution. And, in no small part, it was the result of the Selected Reserve incentive programs.

We have found that bonus takers in the reserve components serve longer; this demonstrates the validity of our enlistment and reenlistment incentives. And of course, these bonus takers are in the high priority units and in the most needed skills.

Accessions

Over the past 5 years the reserve components have averaged just under 230,000 enlisted accessions per year from all sources. In FY 1984 there were just under 222,000 accessions into the Selected Reserve of which 101,000 were non-prior service (NPS) entrants. NPS accessions have averaged about 100,000 per year since 1980. It is the NPS accession that is becoming increasingly difficult to recruit as evidenced particulary in FY 1984. Total accessions for 1970 through 1984 are shown in Figure 3.

FIGURE 3



Our program calls for 226,400 and 247,300 accessions in FY 1985 and FY 1986 respectively. Of course, if attrition management efforts reduce early losses, these figures would be adjusted downward. A breakout of these numbers, by component, follows:

TABLE 4

SELECTED RESERVE TOTAL ENLISTMENTS
(Thousands)

	FY 1984 Actual	FY 1985 Planned	FY 1986 Estimate
Army National Guard	85.5	86.2	98.1
Army Reserve	69.5	70.1	75.0
Naval Reserve	29.9	31.0	32.7
Marine Corps Reserve	12.9	13.7	14.8
Air National Guard	12.7	13.5	14.0
Air Force Reserve	11.2	11.9	12.7
DoD Total	221.7	226.4	247.31

The quality of individuals enlisting into the reserve components, measured in terms of the percentage of high school graduates and of those with average or above scores on the Armed Forces Qualification Test (AFQT Categories I-III), has improved significantly since 1980, as shown in Table 5. We attribute this improvement primarily to improved recruiting resources, the effect of enlistment incentives, and a favorable public outlook on military service in general. The increase has been most significant in the Army reserve components where the total percentage of high school graduates improved from 73 percent in FY 1980 to 82 percent in FY 1984. Only non-prior service accessions who are high school graduates and score in the I-III range on the enlistment aptitude battery can receive an enlistment bonus. When you examine only the NPS accessions in the Army Reserve Components the percentages were 66 percent in FY 1980 and 76 percent in FY 1984.

TABLE 5

SELECTED RESERVE ENLISTMENTS (DoD)
Quality Indicators

	FY 1980		FY 1984	
Quality Indicators	Number	Percent Of Total Enlistments	Number	Percent Of Total Enlistments
High School Graduates[1]	168,500	76	187,600	85
AFQT I-III[2]	172,200	78	198,900	90

[1] Includes high school diploma graduates and those with equivalency certificates (GED), and an estimate of those high school students who enlisted prior to graduation and are expected to graduate.

[2] AFQT Categories I-III include enlistees who scored average or above on the enlistment test.

The full-time Guard and Reserve recruiting force has proved an effective tool in achieving our goal of a ready, well-qualified volunteer reserve force. Table 6 depicts the current plan for full-time recruiting and retention personnel in the reserve components.

TABLE 6

ACTIVE GUARD AND RESERVE (AGR)

Recruiting and Retention Personnel

	FY 1980 Actual	FY 1984 Actual	FY 1985 Estimate	FY 1986 Estimate
Army National Guard	1305	2982	3557	3783
Army Reserve	1763	1989	2623	2689
Naval Reserve	not available	773	1181	1852
Marine Corps Reserve	-	226	232	232
Air National Guard	392	529	531	549
Air Force Reserve	284	289	314	331
Total DoD	-	6,788	8,438	9,436

The reserve components recruiting resources associated with our recruitment efforts are shown in Table 7.

TABLE 7

RESERVE COMPONENTS RECRUITING RESOURCES[1]
(Current $ Millions)

	Fiscal Year		
Component	1984 Actual	1985 Planned	1986 Proposed
Army National Guard	135.7	168.6	183.7
Army Reserve	92.9	118.0	140.4
Naval Reserve	25.5	36.9	59.1
Marine Corps Reserve	14.3	16.4	17.0
Air National Guard	21.0	23.4	26.3
Air Force Reserve	14.9	18.0	19.5
Joint Advertising	1.8	2.0	7.5
DoD Total	306.1	383.4	453.6

[1] Numbers may not add due to rounding.

I would note that Joint Reserve recruiting advertising resources have been held at approximately $2 million since 1981 when such joint marketing funds were first authorized. Media and ad production costs have grown during the ensuing 4 years and the $7.5 million requested for this program in FY 86 restores our advertising buying power to a level that will permit us to effectively sell reserve recruiting programs, particularly to the faltering non-prior service market.

Educational Assistance for Selected Reserve Members

The revised G.I. educational assistance program for the Selected Reserve, which we will implement on July 1, 1985, differs from the active duty program in that it is a direct entitlement, with no deduction in pay involved. We do not have a firm basis on which to project the use and effects of this test program since the educational assistance program for the Selected Reserve as it existed from 1978 to the present was targeted to specific units and skills and had to compete with other targeted enlistment incentive programs.

Our plans to implement this new program are nearly complete and we are working with the Veterans Administration to develop an effective and efficient entitlement eligibility and utilization tracking system. Legislation has been introduced in the House (H.R. 886) which would make some changes in the program for the selected reserve.

It is not clear how many of those who avail themselves of this program will enlist for critical skills or for service in priority units, a requirement of the previous educational assistance incentive. I believe that we must continue the current incentive authorities to ensure satisfactory manning of priority units and skills.

Selected Reserve Incentive Programs

Congress first established incentives for the Selected Reserve in the FY 1978 DoD Authorization Act. P.L. 95-79 authorized non-prior service enlistment and reenlistment incentives in the reserve components. Reenlistment bonuses were implemented on a test basis in FY 1978. Under the test, a $900 bonus, paid in installments, was offered for a 3-year reenlistment and an $1800 bonus for a 6-year reenlistment. Test results showed that the reenlistment bonuses significantly increased the reenlistment rate, lengthened the term of commitment and deterred actual attrition.

While the reenlistment bonus resulted in small increases in reenlistment rates, those who did reenlist committed themselves for longer terms. Eighty-two percent reenlisted for 3 or 6-year terms versus only 12 percent in the control group. Bonus-takers in the test group committed for an average of 4.4 years as compared to only 1.3 years in the non-bonus control group. The bonus also reduced attrition by 13 percentage points over the first 2-years after reenlistment. After 3 1/4 years, the bonus resulted in an increase in strength in the bonus group of roughly 25 percent.

Putting this into the context of the additional marginal cost for each additional man-year gained because of the reenlistment bonus, that cost is something under $1000 per additional man-year. This compares very favorably with the first-term marginal costs in the active forces which range from $5,000 to $15,000 per additional man-year. Again, the most significant gain is in the slowed attrition (longer term of reenlistments). This, coupled with the fact that the longer reserve members stay the higher the probability that they will continue to serve until retirement, gives us a powerful and cost effective tool for selective us

On 1 November 1978, the Department of Defense issued implementing instructions for the full-scale use of enlistment and reenlistment incentives in units and skills where these incentives were required. In addition to the reenlistment bonuses, a 6-year enlistment bonus and an educational assistance incentive, both with payments of up to $2000, were authorized. By law, all bonus enlistees must be high school diploma graduates and, in accordance with DoD policy, must score in the I-III range on the enlistment aptitude battery. These quality restrictions have paid off in increases in the percentage of high school graduates entering the reserves which I mentioned earlier. The Department's initial implementing guidance limited the cash bonus for enlistment to a maximum of $1500 with half of the amount to be paid on completion of training. The Army National Guard, Army Reserve and Marine Corps Reserve offered incentives initially to designated units. The other reserve components offered incentives only to those in critical shortage skills. The Navy Reserve elected to use only the reenlistment bonuses.

Significant modifications to the reserve bonus program were enacted in 1979 and 1980. P.L. 96-107 increased the percentage of educational expenses to be covered from the original 50 percent to 100 percent. P.L. 96-342 raised the educational incentive ceiling from $500 to $1000 per year and a total of $4000 compared $2000 during a 6-year enlistment. P.L. 96-342 also established a new affiliation bonus and an educational assistance test. The affiliation bonus was designed to attract prior-service members into the Selected Reserve. This bonus is $25 per month for each month of remaining obligated service performed in the Selected Reserve in the same skill in which employed on active duty. The Navy Reserve especially has capitalized on this incentive, since its manning system permits assignment to a billet that may not be colocated with the reserve center. However, attrition of our prior service accessions exceeds the NPS attrition rate and I believe there is room for improvement here for a low marginal cost.

The Student Loan Repayment program, part of the comprehensive FY 1981 Educational Assistance Test, permitted certain federal student loans to be repaid at a rate of 15 percent or $500, whichever is greater, plus accrued interest for each year of satisfactory service in the Selected Reserve. The Student Loan Repayment authority has been extended twice and now is scheduled to expire on September 30, 1986. Currently, the Army National Guard, Army Reserve and Air National Guard are using the loan repayment incentive. Lastly, P.L. 96-342 extended the expiration dates of the enlistment and reenlistment incentives to September 30, 1985. The affiliation bonus expiration was extended through FY 1985 by P.L. 97-86.

Due to programmed increases in reserve component strengths and in order to improve the targeting of incentives resources, in

June 1981 the Department issued a policy change to raise the enlistment cash bonus from $1500 to the statutory ceiling of $2000 and authorized bonus payments at varying amounts according to skill shortages. The Army National Guard and Army Reserve implemented a two-tier bonus of $2000 for critical skills and $1500 for any skill in early-deploying priority units.

In 1983, the Army re-structured its unit bonus program by aligning it with its resource priority allocation system based on deployment dates and operational plans. At the same time the Army identified specific skills for bonus coverage rather than broad career fields as had been done previously.

The Navy Reserve implemented the enlistment cash bonus and educational assistance incentive in October 1983 to support an FY 1984 achieved increase of from 2000 to 10,000 in its non-prior service enlistment program--the Sea and Air Mariner (SAM) program.

The current incentive programs for the Selected Reserve are summarized in Table 8.

TABLE 8

SELECTED RESERVE INCENTIVES

Bonus	Educational* Assistance	Reenlistment 3 Yrs	6 Yrs	Affiliation	Loan Repayment
Up to $2000	Up to $4000 for expenses incurred	$900	$1800	$25/Month	15%, or $500 on balance of loan per for each year served

* The current educational assistance program will be suspended for 3-years coincident with the effective date of the Selected Reserve GI Bill on 1 July 1985.

A detailed summary of bonus expenditures is shown in Table 9.

TABLE 9

SELECTED RESERVE INCENTIVE PROGRAM

($millions)

	FY 1984 Actual	FY 1985 Estimate	FY 1986* Estimate
Army National Guard	52.1	58.6	67.3 (28.1)
Army Reserve	17.8	30.9	33.6 (9.8)
Naval Reserve	5.9	8.6	11.1 (4.4)
Marine Corps Reserve	3.0	4.1	4.1 (3.3)
Air National Guard	5.8	6.4	8.2 (4.9)
Air Force Reserve	4.4	5.2	5.6 (3.1)
DoD	$89.0	$113.8	$129.7 (53.6)

* Numbers in ( ) are anniversary payments - 41 percent

We have preliminary results from an evaluation which the Rand Corporation is conducting for us of the NPS enlistment bonuses offered in priority units in the Army National Guard and Army Reserve. These results indicate that, unlike the active components, the benefit of incentives in the reserve components are obtained more by producing longer and higher quality enlistments and reducing attrition than through increasing the number of enlistees.

The preliminary Rand results show that average unit attrition declines by approximately 4 percent for bonus units.

This is primarily due to lower attrition among high quality enlistees who receive a bonus. The bonus lowered attrition among high quality enlistees by 7 to 10 percent.

As the pool of available manpower declines, some analysts have expressed concern that the active and reserve components will be in greater competition for recruits. Undoubtedly, we are going to face greater challenges in both active and reserve recruiting. However, there are significant differences in the dynamics of active and reserve force recruiting that suggest the two are not entirely comparable.

First, as I have indicated, the reserve components rely heavily on prior service personnel to meet accession objectives. Prior service accession goals for the active force are quite limited, hence there is very little competition for this source of manpower.

Secondly, with respect to non-prior service recruiting, there is evidence that, while both propensity to join the active forces and propensity to join the reserve are related to a positive orientation toward military service, only about one-half of those with a positive propensity for active duty also have a positive propensity toward joining the reserve components. Other potential recruits are oriented only toward Guard and Reserve service and the youth population that is not generally disposed toward military service is sufficiently large to be mined for both active and reserve force recruits without significant overlap.

Most importantly, reserve recruiting is sensitive to local demographic influences that may or may not reflect nationwide trends in available manpower. Shortages in critical skills or units cannot be made up through the assignment process. Reserve commanders and recruiters must meet unit needs from within the area or community where the unit is located. Thus flexible and targeted incentives are critical to success.

We have recommended that the current Selective Reserve incentive authorities be extended for 5 years. In addition, we are completing our review of other incentive proposals that are intended to support quality, skill and unit distribution, and retention goals in the Selected Reserve. These include raising the enlistment and reenlistment cash bonus ceilings, a new prior service bonus to attract veterans with critical skills, a special drill pay for seagoing Naval Reserve members in undermanned priority units and extension of the student loan repayment authorities to include benefits for the lower three officer and warrant grades to attract certain technical and professional skills.

Reserve Force Service

As we transfer missions into the Guard and Reserve from the active force, we must obviously require increased readiness and capability in our reserve forces. The demands on our reserve members grow correspondingly and we must ensure that we have the programs in place to support and to obtain commitment from our Guard and Reserve personnel and their families and employers.

The most basic of our concerns is to ensure that we have a fair and reasonable system of protections in place for reservists who die or are disabled in the line of duty and for their survivors. Presently, a reservist who is disabled or dies as a result of weekend drills or while serving under orders specifying a period of 30 days or less, may not have the same benefits as an active duty member, even under the same duty conditions.

Protections for survivors in the case of death in the line of duty are essentially the same regardless of the status of the member. The most significant differences in benefits occur when a reserve component member is disabled or dies as the result of illness or disease incurred in the line of duty. With recent changes to the law included in the DoD Authorization Act of 1985, all such members are at least now provided medical care. However, only Army and Air Force Reservists and National Guard members are entitled to any compensation while convalescing from illness or disease incurred on active duty. If the illness or disease is incurred or aggravated during inactive duty training (normally weekend drills), or if the individual is a member of the Navy, Marine Corps, or Coast Guard reserve components, they are not entitled to compensation during convalescence.

if the illness or disease results in a permanent disability, reserve component members are not entitled to severance pay or disability retirement. If they die as a result of an illness or disease incurred on inactive duty training, their survivors are not eligible for Dependency and Indemnity Compensation (DIC).

With reserve component members training with greater intensity than ever before and actively participating in many aspects of peacetime defense activities, we believe they should be adequately and fairly protected from the risks to their physical and economic well-being that are directly associated with their continued service in the national defense. A legislative proposal to remedy these inequities, improve the administration and effectiveness of incapacitation pay, and consolidate the many current provisions of law covering this area is being considered within the Department of Defense.

As you know, during 1984 the Department conducted the Selected Reserve Commissary Test directed by the Congress. This test involved over 100,000 Guard and Reserve personnel and 22 commissaries. The concept of the test was to permit Selected Reserve members to use the commissary up to a maximum of 14 days at their convenience throughout the year instead of only during periods of active duty for training.

The full results of the test through the end of December 1984 will soon be made available to you. In addition to the aspects of the test managed by the Office of the Assistant Secretary of Defense for Manpower, Installations and Logistics (who has overall responsibility for commissary operations), my office also gathered demographic and use data on the test participants. This information is being analyzed and the results will be available soon.

I believe there are strong arguments for institutionalizing a widened commissary benefit. I also know that such a policy must be reviewed in the context of overall DoD needs and the impact on the commissary structure as a whole. We will appreciate the views of this Committee in resolving the issue to the benefit of those who serve.

Uniform Code of Military Justice (UCMJ)

While I believe that certain benefits enhancements are required, we also need to ensure that members of the reserve components, which are now considered available for immediate mobilization, be subject to the same disciplinary standards as the active forces. The UCMJ is the appropriate instrument to set and enforce these standards.

Historically the Army has never exercised UCMJ jurisdiction over Army reserve members in an inactive duty training status. National Guard members are subject to a disparate system of state laws. Under Federal law, Guardsmen are subject to the UCMJ only when called to Federal duty.

The case of U.S. vs Caputo, 18 M.J. 259 (C.M.A. 1984), is of concern to us because the decision held that any change in the duty status of a reservist constitutes a break in service, and, as a result, UCMJ jurisdiction may not be revived upon the reservist's subsequent return to inactive or active duty. There was much dicta in the opinion which indicated confusion over Congressional intent and suggested that Congress may wish to consider this area and clarify its intention with respect to UCMJ jurisdiction over reservists.

As the "Total Force" policy implies, reserve units and reserve personnel are currently performing tasks in close collaboration with their active duty counterparts. If these missions are to be successfully accomplished, good order and discipline in both the active and reserve forces must be maintained. Not only must active and reserves be held to the same high standards of conduct, they must also be subject to the same system of justice in the event military standards are violated.

In November 1984, the Navy accepted the review of Caputo as a project within the framework of the Joint Service Committee on Military Justice. The Navy review has been completed and submitted to the Joint Service Committee on 20 February 1985. We will be preparing a legislative proposal to clarify the intent of Congress concerning application of the UCMJ to the reserve components.

Family and Employer Support

We have begun a concerted effort to assist the reserve components in communicating the vital role of the National Guard and Reserve to audiences including the active force, the reserve component members and their families, employers and the general public.

Among the most important audiences we need to reach are the families of National Guard and Reserve members. Research has shown that family attitudes may exert a major influence on the retention of military personnel. This is at least as true in the reserve components as in the active force. We need much more information on the demographics of reserve component members and their families, and my office has initiated a program to develop this information as a basis for future policy changes that would enhance recruitment and retention and help control attrition.

We plan to field a comprehensive survey of all Guard and Reserve components in early 1986. Such a survey has never been conducted and it will provide vital information for a wide range of reserve programs and concerns. With respect to families, it will provide sound information for structuring benefits and programs that will enhance family support and understanding and, hence, retention. It will provide sound data on the number of our members who are married to other reservists or to active duty members and on the number of such cases where dependent children are involved. It will also give us needed planning data to ensure that we can provide necessary support for Guard and Reserve families upon mobilization.

One of the most effective ways of educating the American public is through knowledgeable people within their own communities. The National Committee for Employer Support of the Guard and Reserve, which is under my supervision, has an established network of state-level committees and nationwide programs to gain and maintain public and employer awareness and support. Non-paid, volunteer membership on these committees now numbers about 3,000 and includes influential business, labor and civic leaders and officials. It is supported by a National Committee staff of about 30.

The National Committee directs a nationwide public service advertising program sponsored by the Advertising Council. This year, some 800 television and 7,000 radio stations will broadcast employer support Public Service Announcements. Printed materials were furnished to more than 9,000 daily and weekly publications. We expect the estimated value of donated time and space during 1984 to exceed the $49.9 million in value received in 1983. I have met with the advertising agency which manages the NCESGR account in New York on four occasions to assist in the development of the 1985 advertising strategy. It will focus less on the historical aspects of the reserve components and more on their contemporary roles and missions.

In 1984, the National Committee Speakers Program provided speakers for more than 33 events and speaker information to more than 50 persons listed in the OSD Monthly Speakers Schedule. The 1984 Association Liaison/Exhibits Program provided employer support exhibits at 14 national and international professional and business association conferences attended by more than 5,000 people. Special recognition presentations were made to chief executive and public relations officers of 33 major associations. More than 1,000 formal statements of support were distributed to employers. Employer support articles were printed in 12 association publications. The Direct Mail Information Program provided employer support information packets to many thousands of employers in selected states. Certificates of appreciation were presented to 5,735 employers nominated by their reserve component employees for their support of participation in the National Guard and Reserve. One hundred and fifty State Chairman's awards and 25 National Chairman's awards were presented to employers whose supportive efforts were exceptionally meritorious.

The National Committee's Ombudsman Program effectively resolved about 1,500 employee/employer problems that could not be resolved at the state or local level. In most cases these problems were resolved through improved communication and understanding, and all parties benefited. There is close coordination with and excellent support from the Office of Veterans' Reemployment Rights (OVRR), U.S. Department of Labor. The employment protection programs administered by the OVRR not only provide equity in accordance with statute and case law but also show an enforcement presence which assists DoD in its recruitment efforts from all areas of industry and civilian employment.

Conclusion

The National Guard and Reserve face significant challenges in the next few years. They have more people of higher quality than at any previous time. There is no question in my mind that commitment, capability, and readiness have all improved significantly over the past five years. Better training and equipment and the clear sense of the extent to which they are required for both peacetime and wartime missions have helped immeasurably. We are challenged to make sure the mechanisms are in place and working effectively to maintain strength and quality as we face the double challenge of increased strengths and a tougher recruiting market. I am confident, as are the leaders of the Guard and Reserve components, that we can make our strength goals this year and in FY 1986. We will continue to rely heavily on your support.

Senator **Wilson**. Thank you very much, Mr. Secretary. Your complete written statement will be placed in the record. We thank you for your summary.

GI BILL

In your formal statement you note that the new GI bill in the Reserves is an entitlement to every person who enlists in the selected Reserve and satisfactorily participates, while the existing program could be targeted to specific units and critical skills.

As a result, you indicate that all existing incentive programs in place in the Reserve components must be continued to ensure satisfactory manning of priority units and skills. First, does it make any sense to you to replace a program which successfully brought people into the Reserves where they are needed, with a more expensive program which arguably will not do that?

Mr. **Webb**. Well, first of all, Mr. Chairman, as Secretary Korb mentioned, the GI bill is a program developed by the Congress. To amplify, however, I believe——

Senator **Wilson**. That is a good answer. You could be more disrespectful than that when you testify. [Laughter.]

Mr. **Webb**. Particularly in the Reserve components. Having worked on the GI bill for 4 years on the House side as a committee counsel, I see some great potential for use in the Reserve components.

If you look at the educational makeup of the enlisted members of the Reserve components across the board, you will see that fewer than 10 percent have any college at all. I see the utility of targeting a potential recruiting market that has not existed in the past for the Reserve components, and in that sense, I do not believe that the GI bill in great part would be competitive with the other incentive programs as far as attracting people is concerned. I would see that they were working two ends of the same problem.

Senator **Wilson**. If the Department of Defense had the authority to utilize the funds that it has had to budget for the Reserve components' portion of the new GI bill to either pay for the benefits provided under that bill or to pay targeted enlistment and reenlistment bonuses or other directed special pays to recruit and retain reservists, which option would the Department elect?

Mr. **Webb**. I, first of all, would not want to play Solomon and cut the baby in half. My recommendation would be that we conduct this experiment—it is a 3-year program—and at the same time continue the incentive programs that now exist.

As they come up for renewal this year, we have a proposal to extend them for 5 years, and to analyze the recruitment trends. We have the ability, for the first time, to do some detailed cohort analysis to see whether or not that bottom level in the Enlisted Reserve, of individuals who lack college experience, increases.

Senator **Wilson**. I want you to think about that overnight and I am going to ask you again tomorrow, because I do not think you really have been responsive.

I am curious, though, about a point that you just made. You said that you now for the first time really have an ability to analyze these cohorts that you have not had before. Would you elaborate?

Mr. **Webb**. The Reserve component common personnel data system, the RCCPDS, provides us cohort tracking data for the first time. We have been able to develop a sophistication in cohort analysis, at least at the OSD level, that we have not had before.

RESERVE COMPONENTS

Senator **Wilson**. As we have heard today and in earlier hearings, the Reserve components are growing at a much faster rate than are the Active. Yet, the primary source personnel for the Reserve components remains the Active components.

At the same time, the Reserve components are stepping up their recruiting of nonprior service personnel. Along with this, there is growing emphasis on the benefits of Reserve component service and Active component personnel are, I think, becoming very much aware of this.

I have a concern that if the benefits earned by active duty service are not measurably greater than the Reserve duty service, that we will be providing an incentive to a number of very good soldiers, sailors, airmen, and marines to go Reserve rather than remain on active duty.

What action are you taking to ensure that the recruiting activities of the Reserve components are conducted in coordination with recruiting and retention activities of the Active components?

Mr. **Webb**. Well, first of all, Mr. Chairman, the recruiting end of the Reserve components has traditionally split almost half and half between nonprior service and prior service. There are difficulties in both areas with higher retention.

In the various components, there is a concern about the prior service entries, and with the dwindling manpower pool there's a great concern about the nonprior service entries, and in fact particularly in the Army areas, we see a knee in the curve where we are having great difficulty meeting goals in the nonprior service recruitment.

It is the most critical area in Guard and Reserve recruitment. We do not view this as purely the result of a competitiveness with the market that would otherwise go into the actives. For instance, the youth attitude tracking studies that the Department of Defense sponsors indicate that only 50 percent of those individuals who are marked as being interested in military service are also interested in both, and that 50 percent of them would only be interested in Reserve or Active. So there is a 50 percent overlap once you get the subset of people who are interested in manpower service as a whole.

Senator **Wilson**. Well, it is the 50 percent who are interested in both, because what I am concerned about is that one of the retention problems for the Active components may be based upon the success of recruiting for the Reserve components, and you may take somebody who is a first-rate soldier and persuade him that actually life would be better for him in the Reserve.

Mr. **Webb**. Well, I guesss there is that possibility. But I think that the concern that we see, from the Reserve perspective, is the inability to draw the nonprior service. We have been mandated, for instance, on the Army side by the Congress, with the end strength cutback in the Army side, to build up the Army Guard and Reserve.

The recruiting situation is, if anything, more difficult in a reserve environment, where an individual is being required to hold down two jobs at the same time. We believe that the incentives that are in place are reasonable. The Guard and the Reserve could not survive without the cohort, flowing through the active system.

But as I said, the greatest problem right now is this other, nonprior service, individual, and the requirements on the Guard and the Reserve for recruiting are on a percentage basis much, much heavier than they are on the active side. That is one reason I personally believe that the GI bill as it affects the Reserve components is a good idea, because you are going after an individual who perhaps wants nothing to do with leaving his home area on a permanent basis, as opposed to the individual who goes into the Active components.

He is an individual who has never really been tapped by the Guard and Reserve recruiting, as evidenced by the fewer than 10 percent of the individuals actually having any college experience. So it would be one way, if this experiment works, that we could go after a subset of people who just have not been reached before at all.

Senator WILSON. Thank you.

Senator Glenn?

Senator GLENN. Thank you, Mr. Chairman.

GI BILL

Following up on that last thing about the GI bill, Mr. Webb, will the people who enlist in the selected reserve be able to start using their new GI benefits before they complete the required 6 years of service in the selected reserve?

Mr. WEBB. Yes, they would.

Senator GLENN. Well, then your statement shows that in fiscal year 1986 one in four selected Reserve recruits in 1984 are not completing an initial 6-year tour. How will you ensure that people who start using their GI bill benefits before the end of their 6-year tour actually complete the 6 years of service required to qualify for the GI bill benefits?

Mr. WEBB. The requirement is that the enlistment is for a 6-year period, and the individual cannot begin drawing the GI bill benefit until he has completed his basic training and affiliated for a certain period of time. The structure of the GI bill is intended to reduce attrition, to give this individual an incentive to continue to affiliate through the 6-year period, by spreading his benefit out on a month-by-month basis.

Senator GLENN. So it would stop then?

Mr. WEBB. Yes, sir.

COST OF GI BILL

Senator GLENN. Do you have an estimate of the annual cost of the bill for service in the selected Reserve 4 years from now?

Mr. WEBB. Four years from now? I can provide that for the record.

Senator **Glenn**. I know it ramps up considerably. That is why I would be interested in a figure about 4 years from now, if you could give that to us.

Mr. **Webb**. We can get that for you.

[The information follows:]

The current program cost projection for fiscal year 1988 is $93.4 million. However, since no actuarial data is currently available relating to such a program in the Reserve components, utilization rates and cost computations are expected to require adjustment and refinement as program utilization experience is gained.

Senator **Glenn**. In your view, should this new GI bill be targeted so that it attracts people into the critical hard to fill skills? And how would you propose to do that?

Mr. **Webb**. I would defer to the Congress on that. I mean, as far as whether it should be or not, I can see a lot of merit in targeting it. One problem, one cost, as you were mentioning before, is the fact that it is a complete entitlement.

Senator **Glenn**. The targeting approach did not prevail around here last year, obviously. I was on the other end of that one. I think you came in when we were discussing that one a while ago here.

Are the Reserve components meeting their recruiting objectives so far in 1985?

Mr. **Webb**. The first quarter end-strength objectives were either met or in the high 90's in all of the components; although, again, we are having problems with nonprior service individuals who have not affiliated with the military before. Those numbers are as low as 68 percent in the Air Force Reserve and the low seventies in the Army.

Senator **Glenn**. Are you taking action to try and get that up, or how do you do that?

Mr. **Webb**. Well, one of the methods is the incentive programs. And again, this GI bill will be interesting to watch.

RESERVE RECRUITING COSTS

Senator **Glenn**. The Reserve recruiting costs increased by $70 million, from $383 million to $453 million, from fiscal 1985 to 1986. That is an 18-percent increase. Do you think the GI bill, the new GI bill, will help in that regard? It will be available to everyone who comes into the selected Reserve after July 1.

Do you still think you are going to need all that increase in recruiting money, in addition to the GI bill?

Mr. **Webb**. I would say yes, Senator. There are three methods that are being designed to approach these very stiff ramps that the Guard and the Reserve have been facing. One of them is increased recruiting, and I would say that that money is justifiable.

Senator **Glenn**. You acknowledge in your statement that unprogrammed attrition in the selected Reserve continues to be a problem. The chart on page 10 of your long statement shows that one out of four recruits in the selected Reserve do not complete their first 6 years of duty.

What are the reasons for this persistent attrition problem?

Mr. **Webb**. There are a number of reasons, but if I were to be frank with you, I would say the greatest one is, in a volunteer environment, the difficulty on enforcing a contract, the contract that we have made. The questions regarding penalty, which is something I have been trying to examine since I have been in this job, inevitably end up with the rhetorical question: How do you penalize someone who stepped forward when his cohorts did not, even when he does not complete a full enlistment?

It is a very ticklish thing. The alternatives that are open to you when an individual decides that he does not want to affiliate or continue to affiliate are pretty narrow. You can put the individual into the IRR, which is done with most of the cases, where they in a symbolic way serve out the rest of their military service obligation without drilling.

You could order the individual to active duty, and basically in a volunteer environment what that does is pass on to the active duty people an individual who would be a great problem.

Or potentially—and this is the only thing I could think of—you could institute a civil action and ask him to remunerate the Government for the cost of training received.

Senator GLENN. Has that ever been tried or ever been done in any cases?

Mr. WEBB. To my knowledge, it has never been tried.

Senator GLENN. It would be difficult to do, and I agree with your analysis. For somebody who came forward when their buddies did not and then you penalize him in the middle of it, it is a little hard.

But on the other hand, you are talking about relying on people for the security of the country, and when they step up and put their name on the dotted line for the Reserve component, why, you are relying upon them to serve out that commitment in your overall numbers. So it is not something you can ignore.

I do not have any suggestions how to handle it, but I think there ought to be something. Maybe that is one we all need to look into together.

Mr. WEBB. Yes, sir.

Senator GLENN. Thank you, Mr. Webb.

Thank you, Mr. Chairman.

Senator WILSON. Thank you, Senator Glenn.

Senator Thurmond?

Senator THURMOND. Thank you, Mr. Chairman.

MILITARY DRAFT

Secretary Webb, I believe you have done some writing on the subject of the military draft. I know the administration opposes a draft. Personally, I have always been in favor of it and still think it would be a good thing. However, I understand the admirals and generals do say now the forces they have are about as good as they ever had, so maybe there are two sides to it. But I just feel like every person ought to serve his country.

Would you give us your views on the moral obligations of all the citizens to actively participate in the maintenance of our freedoms?

Mr. WEBB. Well, Senator, I would be kidding you if I did not say that I personally believe there should be conscription. At the same time, I think it is very important to point out that this is not being based at this time on quality issues. The quality in the U.S. military today is extremely good.

I just happen to believe, on a personal level, that conscription is good for the individual, it is good for the military, and it is good for the country. And I think that is why every country in continental Europe, except for Luxembourg, has conscription. Luxembourg happens to have a military of 760 people.

The one thing that does concern me in today's military, absent conscription, is the manpower density in our forces.

Senator THURMOND. Excuse me?

Mr. WEBB. The manpower density. We have very, very high quality people, but we have very few of them, both in our Reserve system and on active duty. So that if we were required to mobilize, our ability to put people into the pipeline has been diminished.

We have 2.16 million people on active duty. We have a little more than 1 million drilling reservists and we have not quite 450,000 people in the individual Ready Reserve. That would be our total manpower picture until conscription was brought on line if we had to mobilize. That is not very many people.

Senator THURMOND. I know we could not get it through the Congress now, but I would not object to seeing a law requiring all young people to serve their country. They either serve in uniform or, if we did not need them all in uniform, put them in some form of community service, put them in the hospitals and let them serve.

I think it is important for people to realize that, with all the freedoms we have and all the opportunities we have, the highest standard of living of any country in the world, for people to live here and work here it seems to me they ought to be willing to give something back in return. Do you agree?

Mr. WEBB. On a personal level I do agree.

Senator THURMOND. As I say, I do not think there is the sentiment right now to do it and there has not been since World War II. Several of us have tried it. But we may keep on.

I think probably the highest quality you might say about a person is that he is a true patriot. That means he loves his country, that means he believes in the principles of our Constitution, he believes in private enterprise, he believes in the incentive system, he believes in the principles that made this country great.

And a person who is a true patriot in my judgment would want to in some way serve his country.

Mr. WEBB. I agree, Senator.

Senator THURMOND. That is all I have to say right now. Thank you.

Thank you, Mr. Chairman.

Senator WILSON. Thank you very much, Senator Thurmond.

Thank you, Mr. Secretary. We will look forward to seeing you in the morning, and thank you for being here this afternoon.

Mr. WEBB. Thank you, Mr. Chairman.

Senator WILSON. We will now ask the members of our panel to come forward to the witness table. Gentlemen, welcome. We will begin with Maj. Gen. Bobby G. Porter, Director of Military Personnel Management for the U.S. Army.

STATEMENT OF MAJ. GEN. BOBBY G. PORTER, DIRECTOR OF MILITARY PERSONNEL MANGEMENT, U.S. ARMY

General PORTER. Thank you, Mr. Chairman. I certainly appreciate this opportunity to appear before your subcommittee to discuss Army recruiting and retention trends.

There is certainly no precedent in world history for what this Nation has achieved in terms of building a national defense force over the past 11 years. With the support of the U.S. Congress and the American people, the Nation has maintained a strong and credible military force of professional, competent, and highly dedicated men and women who serve their country on a totally voluntary basis.

No other nation, free or otherwise, has ever attempted to raise and maintain in a volunteer environment a military force comparable to the size and strength of the Armed Forces of the United States. We have a total Army just under 1.5 million men and women in uniform who serve either in the Active Army, Army National Guard, or the U.S. Army Reserve, plus just over 400,000 dedicated civilian employees who perform in a vital role.

Now, while we have managed to maintain the size and strength of an Active Army and selected Reserve, our pool of pretrained individual manpower or, as we call it, the Individual Ready Reserve, has diminished during the volunteer era. Today's inventory of pretrained individual manpower amounts to something over 283,000. We forecast an increase to just over 295,000 by the end of fiscal year 1986.

This year we have increased the military service obligation from 6 to 8 years. Within the next few years, that action will serve to further increase the Individual Ready Reserve inventory. Also, we have intensified the management and improved the quality of training for the Individual Ready Reservists.

Now, over the past 3 years we have increased substantially the quality of young people who were recruited into the Army. Our ability to do this was facilitated by two principal factors and we have discussed some of those already this afternoon.

REDUCING PAY COMPARABILITY GAP

First, Congress began in 1981 to reduce the pay comparability gap, which had reached its lowest point—or highest point, however you want to look at it—in 1980. By 1982, military compensation levels were again tangent with pay levels in the civilian sector.

Second, the country was in a rather long and deep recession during the period of the 1982, 1983, 1984 timeframe, which resulted in a high, very high unemployment rate, particularly among the 17-to 21-year-old cohorts.

Now, these two factors combined to open for the Army the highest quality recruiting market we have had during the volunteer era. Currently with our quality recruiting effort, the Army focused increased emphasis on the business of retention, retention of highly motivated and high performing soldiers who demonstrated strong potential to provide the brand of leadership as well as the tactical and technical expertise required of our noncommissioned officers in an Army that is undergoing the most substantial change in organization, doctrine, and materiel since World War II.

RETENTION EFFORT SUCCESSFUL

Our retention effort has been successful. In aggregate numbers, we have reduced to zero the 65,000 shortfall in noncommissioned officers which existed in 1974. Now, having reduced that shortfall, our major effort is focused on a more precise alignment of our noncommissioned officers by grade and military occupational specialty.

Again, we can attribute the success of our retention effort to the same two principal factors which governed the success or failure of the recruiting effort, and these are of course congressional support of our compensation initiatives to improve the selected retention and unemployment conditions within the civilian work force.

Now, in addition to direct compensation and the prevailing economic conditions, which of course have the most profound impact on our recruiting and retention efforts, there are certain other important factors which influence our personnel situation.

The American solider likes to feel that he has the confidence and backing of his Commander in Chief, the President, that he has the support of his Congress, and that he has the respect of his fellow Americans. Congressional support of quality of life enhancements have conveyed to the soldier and his family that you indeed care about him and the welfare of his family.

Another important factor involves organizational leadership, and Army leaders at all levels have worked hard at promoting a climate of leadership within which the soldier can achieve personal and professional development to the maximum extent of his individual potential.

Now, while we have made significant progress over the past few years in building an inventory of high quality soldiers, I would hasten to emphasize that the maintenance of a high quality force in a volunteer environment is a very fragile proposition. Without proper care, concern, and involvement of leadership at the national level, the military personnel situation in a volunteer environment can erode right before our very eyes and begin to do so almost overnight.

I would like to, if I have not, pass out a few charts, just to make a couple of points again, maybe.

PAY COMPARABILITY

Our principal area of concern at the present moment in the Army is over that of pay comparability. And Senator Wilson, you brought out some interesting points in your discussion of pay comparability, and I would just like to make a couple of observations from this chart.

We are now—as we all recall, the 1979–80 period was the most disastrous period for our recruiting in the Army, and we went down in 1980 to a minus 7.3 percent pay comparability. In 1985 we are almost there again. Without the pay raise, we are going to exceed our lowest ebb in pay comparability.

At that time, sir, the military enjoyed the tax break for basic allowance, for subsistence and quarters. Our enlisted bonuses that the Congress has afforded us the opportunity to apply, of course, do not apply to all of our 351 MOS' in the Army. Not even half of them would they apply.

The same was true for our reenlistment bonuses, sir. Also, the Army college fund, which is enhanced over the Veterans Educational Assistance Program, is targeted to those youngsters in needed military occupationai specialties and targeted only against those in mental test categories I to IIIA, which is the above average group.

So these enhancements that we discussed a few moments ago actually do not apply across the board. So pay comparability as it applies to the whole Army is a very real matter of concern. The items that you brought out, sir, are certainly items that should be factored, as Dr. Korb said, into perhaps a new formula. These are certainly interesting points.

But right now we see a very real concern. In addition to the growing pay comparability gap, the recruiting environment tightened during fiscal year 1984, with a decreasing youth population and a lower unemployment rate than we had in the 1982, 1983, 1984 timeframe.

Now, since this trend was expected to and is continuing in fiscal year 1985, we asked the Congress for an increase in recruiting resources, which you provided. These resources are being used to attract more youth through advertising and to recruit more high quality youth through increased bonuses and educational incentives. In fact, we are currently in the process of converting from the Army college fund to the new GI bill which we have just discussed.

EDUCATIONAL INCENTIVES

We are guardedly optimistic that the new educational incentives will expand the high quality market and enable us to meet our accession requirements. The recruiting incentive of the new program is somewhat diminished by the rigid requirements that Dr. Korb previously mentioned associated with the $1,200 participant contribution which is not refundable and the short period of time in which the new members must decide to participate.

Also, we are concerned about the young married soldiers who may not have that extra 100 bucks a month in order to participate up front initially. And if we could reduce that to a $60 level over 20 months, it would permit more of our young married soldiers to participate in that program.

Now, after we recruit our young people we must retain them and fill our noncommissioned officer ranks. The Army has achieved its highest quality enlisted first term course since the mid-1970's. The retention of these soldiers is important in terms of both readiness and the success of the force modernization effort.

The return to pay comparability with the private sector is key to the adequate retention of highly qualified soldiers in all skills. While attainment of pay comparability may take some time, it is important to keep the force at authorized levels in critical skills. The aggressive use of special and incentive pays, such as reenlistment bonuses, is the key to maintaining critical skill manning at acceptable levels.

Now, some of the other factors that we feel are very important and ask for support on and have gotten are indicated on the next three pages of the little handout that I gave you: the Army Family Program and other quality of life measures, some of which we have talked about today; paying the soldier adequate amounts for PCS costs; giving them adequate barracks and other facilities in which to live and work; having good drug and alcohol abuse programs; and other personnel support, such as equipment and furnishings and chaplains' programs. And this means a lot to our young soldiers.

Now, significant progress has been achieved since the end of 1981 in force alignment. In particular, the Army has alleviated the Army's NCO shortfall and reduced the intelligence and electronics NCO officer shortfall by about 40 percent. In addition, the aggregate noncommissioned officer shortfall was eliminated for the first time in recent history during fiscal year 1984.

Nevertheless, shortages still exist in selected combat arms, intelligence, and maintenance skills. Thus, while some significant progress in force alignment has been achieved since the end of fiscal year 1981, the process is not complete.

SELECTIVE REENLISTMENT BONUS

An increased Selective Reenlistment Bonus Program in fiscal 1986 will be required to sustain and improve force alignment within the confines of an improving economy and a higher quality reenlistment population. I refer to the last two charts in that handout. One is selective reenlistment bonus history and the other is a demonstration of how elastic that market is to the application of selective reenlistment bonuses.

You saw what happened with our TOW crewmen when we had no selective reenlistment bonuses. Once we applied it, the retention of those soldiers improved dramatically. You can also see in the next example, when you put it on and take it off, how the reenlistment of those soldiers drops when you take away that incentive.

MONETARY INCENTIVES

That is a very important incentive. Monetary incentives have enabled us to retain high quality soldiers. Congressional support of our compensation initiatives, to include the Selective Reenlistment Bonus Program, will enable us to continue this in the future.

And I would just like to add one more thing, sir, while I have the mike, and that is: Are we throwing money against the market? Why do we need the quality soldier? This country is spending multiple billions of dollars on its force modernization effort, to acquire all of these new weapons and equipment systems, over 400 systems. We almost have an electric Army now.

And if we are to properly man, maintain, and operate that equipment so that we have something in our weapons and motor pools at the end of the century besides a multibillion dollar junkyard, I submit, respectfully submit, sir, that we have just got to have the quality soldier that can extend those weapons systems to their design potential and keep them properly maintained, because they are so drastically expensive.

And that would be our primary argument for the quality that we need. That is just a part of the stewardship, as we see it, of taking care of this enormous national investment.

Thank you very much.

[The prepared statement of General Porter follows:]

PREPARED STATEMENT BY MAJ. GEN. BOBBY B. PORTER, DIRECTOR OF MILITARY PERSONNEL MANAGEMENT, OFFICE OF THE DEPUTY CHIEF OF STAFF FOR PERSONNEL, U.S. ARMY

Mr. Chairman, I appreciate this opportunity to appear before your subcommittee to discuss recruiting and retention trends.

There is no precedent in world history for what this Nation has achieved in terms of national defense over the past eleven years.

With the support of the United States Congress and the American people, this Nation has maintained a strong and credible military force of professional, competent, and highly dedicated men and women who serve their country on a totally voluntary basis.

No other nation, free or otherwise, has ever attempted to raise and maintain in a volunteer environment a military force comparable to the size and strength of the Armed Forces of the United States.

We have in the total Army just under one and one-half million men and women in uniform who serve in either the Active Army, Army National Guard or the United States Army Reserve; plus just over 400 thousand dedicated civilian employees who perform in a vital role.

While we have managed to maintain the size and strength of an Active Army and Selected Reserve, our pool of pretrained individual manpower, or Individual Ready Reserve, has diminished during the volunteer era. Today's inventory of pretrained individual manpower amounts to 283,500. We forecast an increase to 295,400 by fiscal year 1986. This year we increased the military service obligation from six to eight years and, within the next few years, that action will serve to further increase the Individual Ready Reserve inventory. Also, we have intensified the management and improved the quality of training for the Individual Ready Reservist.

Over the past three years we have increased substantially the quality of young people who were recruited into the Army. Our ability to do this was facilitated by two principal factors. First, Congress began in 1981 to reduce the pay comparability gap which had peaked in 1980. And, by 1982 military compensation levels were tangent with pay levels in the civilian sector. Second, the country was in a rather long and deep recession during this period which resulted in a very high unemployment rate, particularly among the 17-21 year old cohort.

These two factors combined to open for the Army the highest quality recruiting market we have had during the volunteer era.

Concurrently, the Army focused increased emphasis on the retention of highly motivated, high performing soldiers who demonstrated strong potential to provide the brand of leadership as well as the level of tactical and technical expertise required of noncommissioned officers in an Army that is undergoing the most substantial change in organization, doctrine, and materiel since World War II. Our retention effort has been successful. In aggregate numbers, we have reduced to zero the 65,000 shortfall in noncommissioned officers which existed in 1974. Having reduced the shortfall, our major effort now is focused on a more precise alignment of our noncommissioned officers by grade and military occupational specialty.

Again, we can attribute the success of our retention effort to the same two principal factors which govern the success or failure of the recruiting effort: Congressional support of our compensation initiatives to include the selective retention bonus program and unemployment conditions within the civilian work force.

In addition to direct compensation and the prevailing economic conditions, which have the most profound impact on our recruiting and retention efforts, there are certain other important factors which influence our personnel situation. The American soldier likes to feel that he has the confidence and backing of his commander-in-chief—thePresident—that he has the support of his Congress, and that he has the respect of his fellow Americans. Congressional support of quality of life enhancements have conveyed to the soldier and his family that you indeed care about him and the welfare of his family. Army leaders at all levels have worked hard at promoting a climate of leadership within which the soldier can achieve personal and professional development to the maximum level of his or her individual potential.

While we have made significant progress over the past few years in building an inventory of high quality soldiers, I hasten to emphasize that the maintenance of a high quality force in a volunteer environment is a very fragile proposition. Without proper care, concern and involvement of leadership at the national level, the military personnel situation in a volunteer environment can erode right before our eyes and begin to do so almost overnight.

Right now there is reason for concern. The recruiting environment tightened during fiscal year 1984 with the decreasing youth population and a lower unemployment rate. Since this trend was expected to and is continuing in fiscal year 1985, we asked the Congress for an increase in recruiting resources, which you provided. These resources are being used to attract more youth through increased bonuses and educational incentives. In fact we are currently in the process of converting from the Army college fund offer to the new GI bill and new Army college fund. We are optimistic that the new educational incentives will expand the high quality market and enable us to meet our accession requirements. The recruiting incentive of the new program is somewhat diminished by the rigid requirements associated with the $1200 participant contribution which is not refundable, and the short period of time in which new members must decide to participate. Without offering members some flexibility in the amount and length of monthly payments and more time to make their initial election certifications, the program is going to be a less effective recruiting tool. Also, the no refund provision will cause us extensive legal problems. The number of people who will be disqualified because they do not meet the criteria for the benefit, character of discharge, time in service, or requirement for a high school diploma, will require us to constitute a great number of discharge review boards. This will cause severe disruption in our discharge process.

After we recruit these young people, we must retain them and fill our noncommissioned officer ranks. The Army has achieved its highest quality enlisted first term force since the mid 1970's. The retention of these soldiers (who will be the NCO corps of the 1990's) is important in terms of both readiness and the successful modernization of the force. The return to pay comparability with the private sector is key to the adequate retention of highly qualified soldiers in all skills. While attainment of pay comparability may take some time, it is important to keep the force at authorized levels in critical skills. The aggressive use of special and incentive pays, such as reenlistment bonuses, is key in maintaining critical skill manning at acceptable levels.

Significant progress in force alignment has been achieved since end fiscal year 1981. In particular, the Army has alleviated the chronic combat arms NCO shortfall and reduced the intelligence/electronic warfare NCO shortfall by almost 40 percent. Additionally, the aggregate NCO shortfall was eliminated for the first time in recent history during fiscal year 1984. Nevertheless, shortages still exist in selected combat arms, intelligence, and maintenance skills, Thus, while significant progress in force alignment has been achieved since end fiscal year 1981, the process is not complete. An increased Selective Reenlistment Bonus (SRB) Program in fiscal year 1986 will be required to sustain and improve force alignment within the confines of an improving economy and a higher quality reenlistment population.

Monetary incentives have enabled us to retain high quality soldiers. Congressional support of our compensation initiatives to include the SRB Program will enable us to continue this in the future.

Senator **Wilson**. Thank you very much, General Porter. Admiral Burkhardt?

STATEMENT OF REAR ADM. LAWRENCE BURKHARDT III, ASSISTANT DEPUTY CHIEF OF NAVAL OPERATIONS FOR MANPOWER, PERSONNEL AND TRAINING, U.S. NAVY

Admiral **Burkhardt**. Thank you, Mr. Chairman. I appreciate the opportunity to testify on the status of the Navy's recruiting and retention efforts and the trends we see.

My prepared statement, which I ask be included in the record, outlines our results over the past few years and our projections for the future. I would like to briefly summarize the key points.

Our enlisted recruiting results through fiscal year 1984 have been impressive, both in terms of quantity and quality. In fiscal 1984, 92 percent of our nonprior service male recruits were high school diploma graduates and almost 70 percent of all recruits were in the upper mental groups. These high quality men and women provide an outstanding foundation from which to build our future petty officers.

Impressive as last year's recruiting statistics are, I would caution that we are seeing definite signs of a more difficult recruiting environment. For example, in fiscal year 1984 we fell 1,500 people short of our new contract goal, which includes those who joined the delayed entry program. Today we are almost 2,000 short of our new contract goal this fiscal year, and in February, 22 of the 41 Navy recruiting districts failed to make their production quota.

In essence, this means we are making our accession goals at the expense of our delayed entry pool. This is an unhealthy trend which we are working hard to reverse. The key to reversing this trend is to provide our recruiting command with adequate resources, specifically increased recruiters, and increased advertising. Given adequate resources, we are confident that we can meet both our quantity and quality goals in the future.

Our rentention improvement over the past 3 years has also been impressive, particularly among first term personnel. However, we are now seeing a leveling off of retention rates and in some cases a slight decline. We will be monitoring the retention statistics very closely throughout the year because we know from painful experience how rapidly a retention decline can accelerate and the devastating impact this can have on fleet readiness.

We are also concerned about officer retention, particularly in the nuclear and aviation fields. We have submitted urgently needed legislative proposals which address these problems and they are discussed in more detail in my statement.

Our projection for the future is that we can retain the officers and petty officers we need to man a 600-ship Navy if compensation levels remain competitive and we are able to provide our people with a reasonable quality of life. Integral to that quality of life is our people's perception that their compensation and benefit systems will remain stable. I feel it is significant that, for the first time, our survey showed that our sailors who are leaving the Navy at the 9 to 14 years of service point are citing a fear of losing retirement benefits as their primary reason for leaving.

In summary, Navy recruiting and retention have come a long way since 1981. Although we are concerned about some of the signs we are seeing today, we are confident that with your continuing support we can meet the quality and quantity demands of manning a 600-ship Navy.

And we will be pleased to answer your questions.

[The prepared statement of Admiral Burkhardt follows:]

Prepared Statement of Rear Adm. Lawrence Burkhardt III, Assistant Deputy Chief of Naval Operations for Manpower, Personnel and Training

Mr. Chairman, it is a pleasure for me to appear before the committee today to discuss the Navy's views on recruiting and retention trends. The recent success we have experienced in recruiting and retention is directly attributable to positive actions that this committee and the Congress have taken with respect to military people. During the 98th Congress, this committee was at the forefront in approving programs necessary to ensure that our men and women are adequately compensated for the heavy demands we continually place on them. We look forward to continuing this momentum through working closely with you during this year's budget review.

My statement outlines our recruiting and retention trends and provides brief comments on the newly enacted GI bill.

ENLISTED RECRUITING

Fiscal year 1984 marked the fifth consecutive year the Navy met all of its recruiting quality and quantity objectives. Of these recruits, 92.3 percent (64,657) of the Non-Prior Service Males were High School Diploma Graduates (HSDG) and 69.7 percent (54,275) of all recruits were in the upper mental groups. Additionally, we recruited over 4,900 prior service personnel into Navy ratings chronically short of requirements, which increased our ability to man sea billets. The following table summarizes our recruiting performance in terms of quality and quantity from fiscal year 1980 through fiscal year 1984.

ONE NAVY ENLISTED RECRUITING

	Fiscal year—				
	1980	1981	1982	1983	1984
Quantitative results:					
Goal	99,299	106,238	94,793	84,798	82,907
Attainment	99,351	106,322	94,793	84,798	82,907
Percent attained	100.1	100.1	100	100	100
Qualitative results:					
HSDG (percent)	74.8	75.8	78.7	91.1	93.0
MG I-IIIU (percent)	59.3	64.5	65.8	70.1	69.7
MG IV (percent)	17.6	12.4	10.5	8.0	7.6

Although the trends have been positive, I would caution against using the recruiting success of the past to influence decisions concerning the fiscal year 1986 recruiting budget. The declining recruitable 17-21 year old male population, a projected decrease in youth unemployment, and an improving economy are making recruiting increasingly more difficult. In fiscal year 1984 we missed our new contract goal by over 1,500 contracts and are 921 contracts short of our goal to date in fiscal year 1985. I am also concerned over the size of our Delayed Entry Pool (DEP), which decreased by over 4,000 during fiscal year 1984. We are, however, optimistic that we can still meet our fiscal year 1985 accession objectives. Achievement of the fiscal year 1986 accession objectives is also possible, but will require resource levels above those authorized in fiscal year 1985. Those resources will allow us to selectively recruit the quality of accessions necessary to continue reductions in attrition, allow effective use of training dollars, and man the enlisted force structure with properly trained individuals.

During the fiscal year budget review process, you supported Navy's recruiting program and authorized our total budget request. With your continued support of the recruiting program, we will continue to attain the quality of accessions necessary and ensure that trained manpower will be available to man our more sophisticated weapons systems. Our view of the long term is that we can continue to recruit the numbers and quality required to provide an adequate base for a Navy that will grow to 614,000 by 1990.

ENLISTED RETENTION

During the past 4 years we have experienced a dramatic increase in enlisted retention rates. However, as illustrated in the following table, these rates have not only leveled off, but appear to have started a gradual decline.

ENLISTED RETENTION

[By fiscal year in percent]

	1981		1982		1983		1984		1985	
	Goal	Attained	Goal	Attained	Goal	Attained	Goal	Attained	Goal	Attained through December
First Term	44	42	47	50	49	56	50	58	58	57.0
Second Term	52	57	67	63	63	65	65	64	66	65.4
Third and beyond	94	94	98	95	96	97	95	95	95	92.2

Although it is too early to reach definite conclusions, we feel the following factors are contributing to this slowdown: A less competitive compensation package as a result of three consecutive pay caps and the erosion, by inflation, of our special and incentive pays. Increased demand from the private sector for petty officers with extensive technical training. Apprehension about the future stability of traditional benefits of career military service, such as the retirement system. For example, for the first time, the primary reason cited by those leaving the service with between 9 to 14 years of service is, "fear of losing retirement benefits."

We will monitor enlisted retention very closely this year because we know from painful experience that when retention begins to decline, the decline can accelerate rapidly and have a devastating impact on fleet readiness levels. It has taken us four years and considerable resources to recover from the effects of the downward retention spiral of the late 70's. We cannot afford to let that cycle begin anew.

The positive aspect of the retention equation is that our junior personnel who will be reaching their first reenlistment decision point over the next few years are of higher quality than at any time since the inception of the AVF. If we can continue our retention momentum, these talented men and women will provide us with a high quality career force for this and the next decade.

OFFICER RETENTION

Four years ago, achieving improved officer retention presented many of the same challenges we faced with the enlisted force. Although inadequate compensation was most often cited as the primary reason for leaving the Navy, there were several other factors that were causing large numbers of our best junior and mid-grade officers to opt for civilian careers. These factors included the frustration of trying to accomplish their mission without adequate personnel or material resources, little recognition for the personal sacrifice they were making in the service of their country, and the perception that the future did not seem much brighter. This situation was particularly acute in those officer communities, such as our nuclear-trained officers and aviators, where lucrative civilian opportunities were abundant. Primarily because of congressional action in 1980 and sustained by Congressional and Administration action beginning in 1981, we were able to stem the exodus and slowly rebuild our officer corps.

Today we are seeing a leveling of retention momentum among our officer communities which is similar to that experienced with the enlisted force. As the table below indicates, retention of nuclear surface officers and pilots in fiscal year 1984 declined when compared to FY-83 and nuclear submarine retention remained constant after two years of substantial improvements. Our projections for this year show most communities falling short of goals.

OFFICER RETENTION

[In percent]

	Fiscal year—									
	1981		1982		1983		1984		1985	
	Goal	Attained	Goal	Attained	Goal	Attained	Goal	Attained	Goal	Projected
Surface Warfare	60	42	49	43	48	44	52	50	49	47
Nuclear Surface	68	33	58	21	63	45	66	42	78	38

OFFICER RETENTION—Continued

[In percent]

	Fiscal year—									
	1981		1982		1983		1984		1985	
	Goal	Attained	Goal	Attained	Goal	Attained	Goal	Attained	Goal	Projected
Pilot	60	42	60	49	60	58	60	56	60	53
NFO	60	65	68	73	73	74	79	81	75	75
Nuclear submarine	56	33	63	39	57	46	60	47	55	48

Because of the readiness impact that a decline in nuclear officer and pilot retention would have, a brief discussion of the retention problems we face with these officers is appropriate.

NUCLEAR OFFICER RETENTION

The consistent attainment of nuclear junior officer retention goals is absolutely fundamental to our ability to eliminate existing shortages and maintain sufficient inventories in the long-term. When nuclear officer retention goals are not met, officer at-sea department head tours are extended and shore duty tours are eliminated in order to keep nuclear powered ships and submarines fully manned. Today we are living with the shortages created by many years of unsatisfactory nuclear officer retention. These low inventory year groups are now our LCDR's, CDR's, and CAPT's and we simply do not have enough to adequately man our nuclear officer billets afloat and ashore. This leads to inordinate amounts of sea duty and family separation which further exacerbate the problem.

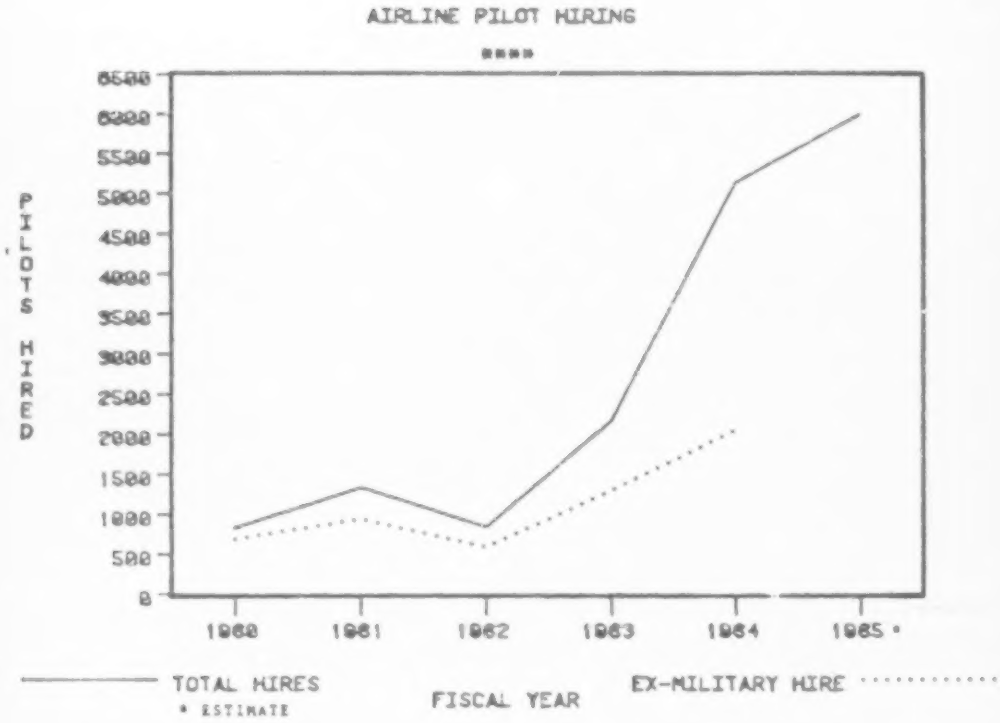
For several years nuclear officer retention responded well to the Congressional programs enacted in 1980. Retention rates, although still short of required rates, improved significantly and the positive trend was encouraging. Now, we have begun to see the first indications of a reversal to this positive trend. The number of officers submitting resignations in 1984 rose dramatically, and resignations in 1985 are exceeding 1984 levels. Of even greater concern is the number of resignations submitted compared to community size. This percentage has returned to or exceeded fiscal year 1981 levels for both nuclear surface and submarine officers.

The shortage of experienced nuclear officers is already severe, retention rates are still short of requirements, and as the trend turns negative, we will erase the gains achieved following 1980. Unless immediate action is taken to enhance the effectiveness of Nuclear Officer Incentive Pay, we will be unable to grow the required future inventories of experienced nuclear officers. To this end we are proposing legislative modifications to the Nuclear Officer Incentive Pay and Submarine Pay program. The key features of these proposals are:

—Removes the current restriction that allows only one multi-year bonus contract per career.
—Raises bonus ceiling to restore bonus effectiveness.
—Restructure the accession bonus to improve recruiting.
—Revise the Submarine pay table to eliminate the pay cut experienced by officers in submarine command billets.

RETENTION OF NAVAL AVIATORS

In 1981 we were about 2,500 pilots short in the grades of Commander and below, a deficit caused by several years of low pilot retention. The Aviation Officer Continuation Pay bonus program has been responsible for dramatically reducing this shortage, with retention steadily increasing from a low of 30% in fiscal year 1980 to a high of 58% in fiscal year 1983. Retention however, declined slightly in fiscal year 1984 to 56%. Of even more concern is the 75% increase in pilot resignations in fiscal year 1984 over fiscal year 1983 (328 vs 188). So far this year pilot resignations have continued this disturbing trend. We attribute this trend to an overall improving economy, and substantial expansion in airline hiring, which is illustrated in the chart that follows.



We have felt these pilot losses most acutely in our carrier based tactical aviation communities. For example, of 552 pilots from these communities eligible for the Aviation Bonus in 1984, only 241 (44%) opted to obligate for additional service by accepting the bonus. This is down from an 85% acceptance rate among junior aviators in fiscal year 1981. The Aviation Bonus is losing its effectiveness as a retention tool. As an immediate fix, we have made a lump-sum AOCP payment alternative available in fiscal year 1985 to sea based TACAIR pilots where the increasingly high loss rate requires we take timely action.

To restore the effectiveness of this exremely cost-effective retention tool, we are proposing legislative modification to the bonus program. Key features are:

—Increase the 6 year contract value from $6,000 to $8,000 per year.

—Eliminate the current restrictions that deny Hazardous Duty Incentive Pay (HDIP) and reduce the Aviation Career Incentive Pay (ACIP) for AOCP recipients.

—Widen the bonus eligibility window for a 6-year contract from a one year to a 2-year period.

GI BILL

The Navy has endorsed the concept of acquiring educational benefits in return for honorable military service. We feel this is an investment in both the potential of our personnel and of our society as a whole. In many ways, the "Veterans' Educational Assistance Act of 1984" or new GI bill supports that concept. To ensure that the Navy's recruiting and retention needs are met, we support legislative changes that will promote an orderly transition to the new program.

CONCLUSION

We have come a long way in the past 4 years in improving our personnel posture. Successful recruiting and improved retention have been key to this progress. Although we see a more difficult recruiting environment ahead and a continued retention challenge, we are confident that with your support we can meet the quality and quantity demands of manning a 600-ship Navy.

Senator WILSON. Thank you very much, admiral.

General Oaks?

STATEMENT OF MAJ. GEN. ROBERT C. OAKS, ASSISTANT DEPUTY CHIEF OF STAFF, MANPOWER AND PERSONNEL, U.S. AIR FORCE

General OAKS. Mr. Chairman, I also would like to submit a longer statement for the record and read just a short one.

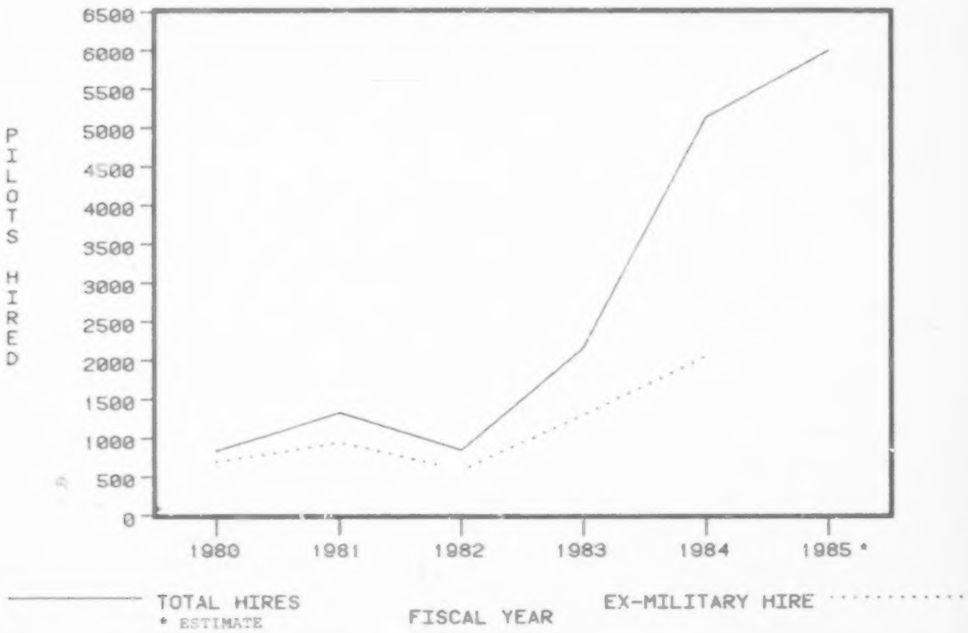
Senator WILSON. Your complete statement will be accepted and made part of the record.

General OAKS. Thank you.

The Air Force also has enjoyed unprecedented recruiting successes in the past 2 years. Ninety-nine percent of our 1984 enlisted accessions were high school diploma graduates, 18 percent had completed at least 20 semester hours of college, and these figures translate into millions of dollars saved in recruiting and training costs through reduced attrition. But the real payoff comes in the increases we have enjoyed in mission readiness with this high quality force.

The retention environment is extremely fragile. After a record low in 1979 and 1980, both enlisted and officer retention peaked in 1983, moderated in 1984, and continues to decline today.

AIRLINE PILOT HIRING



In the officer arena, we are especially concerned with pilot retention. Pilot retention between the 6- and 11-year point of service decreased for 78 percent in 1983 to 72 percent in 1984, and we expect this downward trend to continue through 1985 and beyond.

The key factor in influencing pilot retention is aviation career incentive pay. Preserving and perhaps even enhancing aviation incentive pay in the future is vital. If we can prevent the loss of 190 pilots a year, we have paid for the entire ACIP budget and the Air Force keeps the experienced flyers that it needs.

The military retirement system is our No. 1 retention incentive. Eighty percent of those who enter the career force stay to retirement. Our people also see the retirement system as the light at the end of the tunnel for the years of selfless dedication to the rigors and hardships of military life.

The average enlisted retiree in the Air Force is a master sergeant (E-7) with 23 years of service who draws $984 per month. That is not excessive or extravagant. To further reduce that individual's lifestream earnings beyond the 15 to 20 percent reductions already mandated since 1980 would have a devastating impact on retention in an already fragile retention climate.

With reference to the new GI bill, we are pleased that the bill extended the time period to allow most active duty Vietnam era veterans to use their old GI bill entitlement. However, without offering new members some flexibility in the amount and the length of monthly payments and more time to make their initial election certification, the program is going to be a less effective recruiting tool. Also, we believe that the no-refund provision will cause extensive legal problems.

Finally, I would be remiss if I did not comment on a recent proposal by Senator Rudman. This proposal would have a thoroughly harmful impact on the Air Force by cutting 78,000 Active duty military and civilians and reducing our end strength to a level lower than any year prior to mobilization for the Korean conflict.

His proposal, which targets cuts in areas such as auxiliary and support forces, terms that are used for administrative tracking, would severely threaten the qualitative advantage we have worked so hard to get with our people programs, erode an already thin support base, and deny mission essential force structure and readiness-related growth. Certainly it would have an adverse impact on retention.

In closing, we thank you again for the opportunity to talk to you on these important subjects. With your continued support, Air Force people remain a spirited, ready, and highly capable combat arm providing the defense capability our Nation needs and deserves.

Thank you.

[The prepared statement of General Oaks follows:]

PREPARED STATEMENT OF MAJ. GEN. ROBERT C. OAKS, ASSISTANT DEPUTY CHIEF OF STAFF, MANPOWER AND PERSONNEL, U.S. AIR FORCE

Mr. Chairman and members of the subcommittee, it is a privilege for me to appear before you today to discuss Air Force recruiting, retention, and the new GI bill.

The quality of Air Force people has never been better. Your past support for our people programs has produced a recruiting and retention success story which has significantly improved the Air Force deterrent and warfighting capability. Our collective efforts, through frequent and cooperative dialogue, have helped increase understanding of Air Force manpower and personnel needs and ensure that American taxpayers get the most defense capability for their tax dollars. I can assure you that our cooperation will continue.

The Air Force has enjoyed unprecedented recruiting success these last two years. Ninety-nine percent of our fiscal year 1984 enlisted accessions were high school diploma graduates and 18 percent had completed at least 20 semester hours of college.

Five years ago these figures were 83 and 8 percent, respectively. These figures translate into millions of dollars saved in recruiting and training costs through reduced attrition. The real payoff, however, comes with the increases we enjoy in the readiness of our people to perform our mission. We're proud of our record and believe the modest growth in our fiscal year 1986 recruiting program will be enough to meet increased accession levels, in spite of an anticipated tougher recruiting environment. The greater challenge will be retaining the good quality people we've recruited.

The retention environment is extremely fragile. After a record low in fiscal year 1979, both enlisted and officer retention peaked in fiscal year 1983, moderated in fiscal year 1984, and continue to decline today. Factors contributing to the downturn include: private sector employment opportunities, particularly increased airline hiring; a widening pay comparability gap; and threats to the military retirement system and other institutional benefits.

While enlisted retention has been a bright spot, there remains cause for concern. The most noticeable change in enlisted retention was a 3.9 percent drop in first term reenlistmens in fiscal year 1984. This exacerbates a problem we continue to experience with mid-level noncommissioned officer shortages in some of our combat-related skills (such as intelligence, avionics, and aircraft maintenance). Since 1981 several strong initiatives have helped reduce these shortages. These include: (1) targeted selective reenlistment bonuses; (2) increased promotion opportunity in the chronically short skills (E-5 through E-7); (3) recruiting fully qualified prior service Air Force members; (4) retaining certain high quality noncommissioned officers beyond their normal mandatory retirement point; and (5) focused retraining into these skills. Of these initiatives, the selective reenlistment bonus program has been highly effective.

In the officer arena, we are especially concerned with pilot retention. Over the past few years, high retention has enabled the Air Force to eliminate large pilot shortages (1,302 in FY79) despite an increasing pilot requirement. The pilot inventory and requirement are currently in aggregate balance, but above average retention will be necessary to prevent shortages from reappearing. In fact, pilot losses increased slightly in fiscal year 1984. The cumulative continuation rate, our measure of retention for pilots between 6 and 11 years of service, decreased from 78 percent in fiscal year 1983 to 72 percent in fiscal year 1984. We're monitoring the situation closely but we expect this downward trend to continue through this fiscal year and beyond.

A key factor influencing pilot retention is Aviation Career Incentive Pay (ACIP). Preserving and perhaps even enhancing ACIP is vital—if we can prevent the loss of 190 pilots a year, we pay for the entire ACIP budget line, and the Air Force keeps the experienced flyers it needs.

As a final point on retention, I'll briefly address the retirement issue. The military retirement system is without question our number one retention incentive. Eighty percent of those who enter our career force stay on to retirement. Our people see the retirement system as "the light at the end of the tunnel" for the years of selfless dedication to the rigors and hardships of military life. Contrary to what many believe, the system is not lavish, nor has it been exempt from substantive change. The average enlisted retiree in the Air Force is a master sergeant (E-7) with 23 years of service who draws $984 per month, which most of you know is hardly enough to cover the mortgage payment on a modest home that he or she may never have had the opportunity to buy while on active duty. To further reduce that individual's life stream earnings, above and beyond the 15-20% reductions already mandated since 1980, would have a devastating impact on retention in an already fragile retention climate. Such changes would likely be regarded as a breach of faith for years of selfless service.

Now let me conclude with a few comments on the new GI bill. We were pleased that the bill extended the time period to allow most active duty Vietnam era veterans to use their old GI bill entitlement. Additionally, although we do not intend to use the retention aspect of the program (the supplemental and kickers) at this time, it is advantageous to have such a program on the shelf should our retention situation deteriorate. However, the recruiting incentive of the new program is somewhat diminished by the very rigid requirements associated with the $1,200 participant contribution, which is not refundable, and the short period of time in which new members must decide to participate. Without offering members some flexibility in the amount and length of monthly payments and more time to make their initial election certifications, the program is going to be a less effective recruiting tool. Also, the no refund provision will cause us extensive legal problems. The number of people who will be disqualified because they do meet the criteria for the benefit, character of discharge, time in service, or requirement for a high school diploma, will require us to constitute a great number of discharge review boards. This will cause severe disruption in our discharge process. Finally, we support that provision of H.R. 752 which would roll back the effective date of the GI bill to the date of enactment of this amendment. This will ease recruiting problems during the transition period.

In closing, thank you again for the opportunity to talk with you on these important subjects. With your continued support Air Force people will remain a spirited, ready, and highly capable combat arm, providing the defense capability our nation needs.

Senator WILSON. Thank you very much, General Oaks.

General McMonagle?

STATEMENT OF MAJ. GEN. J.J. McMONAGLE, DIRECTOR OF PERSONNEL MANAGEMENT, U.S. MARINE CORPS

General McMONAGLE. Mr. Chairman, Senator Thurmond.

It is a distinct pleasure for me to appear before you today to discuss our long-range recruiting and retention plans and the impact of the new GI bill. In recognition of your time constraints, I will summarize my full statement which has been provided for insertion into the record.

Once again, the Marine Corps can announce unprecedented success for this last year, both in recruiting and retention, permitting us to continue the slow, deliberate quality growth begun in 1981. As you will remember, we established a plan to build a more modern corps by fiscal year 1988. So far this fiscal year, we continue to experience success in both the active and reserve components as we apply tried manpower management and career planning techniques.

Certainly much of the credit for our success belongs to the Congress for support of such essential tools as the selective reenlistment bonus program and the enlistment bonus program, which allows us to find and retain the right U.S. marines.

Our increased quality becomes imperative in fiscal year 1986, as constraints prevent planned manning from keeping pace with new structure. Without the stability and reliability that quality provides, readiness would be reduced.

With your continued help, we are prepared and expect to continue our success in fiscal year 1986 and the outyears, achieving every quality and quantity goal. Our only concern in that regard is the influence of external factors, such as the new GI bill, on recruit flow.

The Marine Corps is very supportive of the Veterans Educational Assistance Act of 1984, which provides educational assistance for all new reservists and for all new nonprior service active duty personnel who join the service on or after July 1, 1985. We support this act, even though most of the use and therefore actual benefit of this support will be postservice, benefiting society.

While there is a direct benefit of this program to the services as an incentive to serve, scheduled implementation could have a very negative impact. The current date of eligibility could disrupt the planned flow of new recruits during fiscal year 1985.

The Marine Corps strongly supports an amendment to the act proposed by Representative Montgomery which would: one, backdate eligibility to October 19, 1984, the date of enactment; and, two, would open eligibility to active duty prior service personnel. Although only supporting a small group, this second provision would equalize the benefit between Active and Reserve components and would eliminate the penalty applied to those who previously had served.

The actual impact of the new GI bill cannot be measured precisely until implemented, but assuredly it is positive, both to our country and to defense, by rewarding voluntary service and increasing the education of our citizens. Similarly, the cost of this untried program is difficult to assess, because of varying individual options, but, however, we would estimate that approximately $4 million annually would be needed for the Reserves and the Active Force would need between $2 million and $4 million in fiscal year 1987, with increased requirements for the outyears. This of course would be contingent upon adoption of the Montgomery amendment.

Our response to absorbing costs of this program should be clear. We currently budget for use of this program by Reserves, as established in the act, since most use by that population will be during their actual years of reserve service.

However, budgeting of this program for active duty personnel has been tasked to the Veterans' Administration. Our extremely conservative budget is designed only to support those fully justified active duty programs already contained therein. We cannot absorb additional programs in the active duty account, regardless of their worth. The Veterans' Administration is the appropriate agency to fund and control this program, which is geared for primary use by veterans after completing active duty years.

That, Mr. Chairman, completes my comments. Thank you very much, sir.

[The prepared statement of General McMonagle follows:]

Prepared Statement of Maj. Gen. James J. McMonagle, U.S. Marine Corps, Assistant Deputy Chief of Staff for Manpower and Director, Personnel Management Division, Manpower Department

Mr. Chairman, distinguished members of the subcommittee: It is a privilege for me to appear before you to address long range issues of recruiting, retention, and education as they apply to the Marine Corps in fiscal year 1986. Our success in recruiting and retaining quality manpower, in large measure, determines readiness of the Corps both today and for the future. The Marine Corps continues to pride itself on planning for and providing the right force, both in quality and quantity, to meet our unique missions and responsibilities. Our plans for fiscal year 1986 primarily build on the success achieved last year, attempting to refine programs and procedures to maintain a high level of readiness. My statement today will focus on the state of our current force, expected progress and needs in fiscal year 1986, and support areas which still require attention.

TOTAL FORCE

As the Nation's Force-in-Readiness, our requirement is to comply with the statutory mandate for an active Marine Corps consisting of not less than three divisions, three aircraft wings, and appropriate support ready and equipped to fulfill peacetime duties and yet prepared to quickly expand to wartime strengths. Our Reserve component provides that means of rapid initial expansion.

The structure of the active component, along with our Reserve division/wing/force service support group, constitute the peacetime Marine Corps. Our ability to meet peacetime and wartime commitments is achieved through strong, coordinated, daily interaction of the active and reserve components. We reevaluate requirements and restructure limited Active and Reserve component assets continuously to provide for modernization, compatability of elements, and maximum readiness.

ACTIVE FORCE REQUIREMENTS

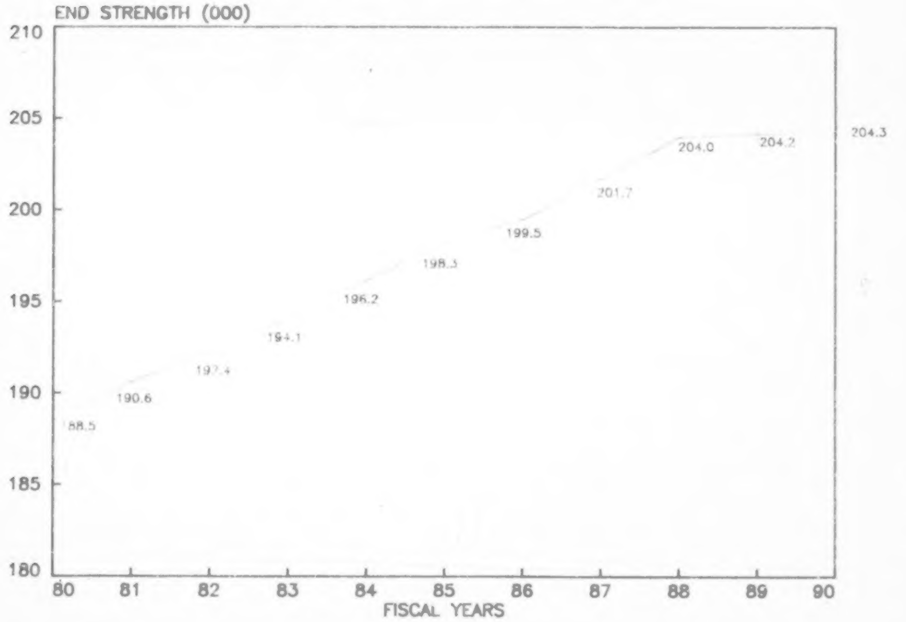
Since the early 1980's, the Marine Corps has been following a long-term, well-announced, conservative, and deliberate plan to grow both active force structure requirements and manning to build a more modern active force by fiscal year 1988. For fiscal year 1986, we require a structure size of 218.8 thousand. For the most part, additional structure growth with corresponding increased manning was planned to support new equipment and systems already in the procurement pipeline.

The planned modernization was implemented on top of the drive for quality begun in 1975. The emphasis on quality has gained added importance over this last year as fiscal constraints force lower manning in the Corps. Although the Fleet Marine Forces (FMF) should be manned at 90 percent, manning drops to 89.4 percent in fiscal year 1985 and will drop further to 88.9 percent in fiscal year 1986 despite a requested end strength increase to 199.5, as the amount of structure added exceeds the manning to support it. Our ability to accept the lower manning without a proportionate loss of readiness is a direct result of the unprecedented high level of quality Marines accessed and retained in the Marine Corps today.

ACTIVE FORCE MANNING

The growth in manning of quality Marines requires a sound combination of retention and recruiting of the right people to begin the first of the basic four management "rights" (the right Marine, at the right job, at the right place, at the right time). Failure to meet these management steps guarantees waste, turbulence, and reduced readiness.

ACTIVE DUTY END STRENGTH



Officer status

During fiscal year 1984, retention of quality officers remained high, as it continues to do this year. Additionally, this past year we accessed 1761 lieutenants and warrant officers who, as a group, had the most sterling credentials of any accession group in our history, both adding to the excellence of the total officer community and providing superb future leaders. This trend in high quality accessions has continued through the first quarter of this year. Our success is being achieved while attaining both affirmative action and skill specialty goals. Concurrently, we continued to make great strides in managing the officer corps, doing a much better job of defining our requirements while improving management techniques which help shape that community to meet documented needs. We can and are improving management control over the officer corps.

The only significant obstacle in shaping this community is posed by the Defense Officer Personnel Management Act (DOPMA); although on the whole, we are very pleased with the passage of this Act. We do have problems, however, with the DOPMA ceiling on the grade of major, which causes us to move out of the years-of-service promotion timing window for that grade and provides fewer majors than we need. Grade relief has been proposed within our current officer ceiling. This relief would allow us to redistribute our officer assets over a 3-year period, ending with 503 more in the grade of major, offset by fewer company grade officers. Additionally, the Comprehensive Flag and General Officer Legislation pending your consideration is very important to the Marine Corps. This legislation will allow the Services to properly staff important internal and joint billets and to plan for long-range leadership requirements. Your support is needed on both of these important issues.

Enlisted status

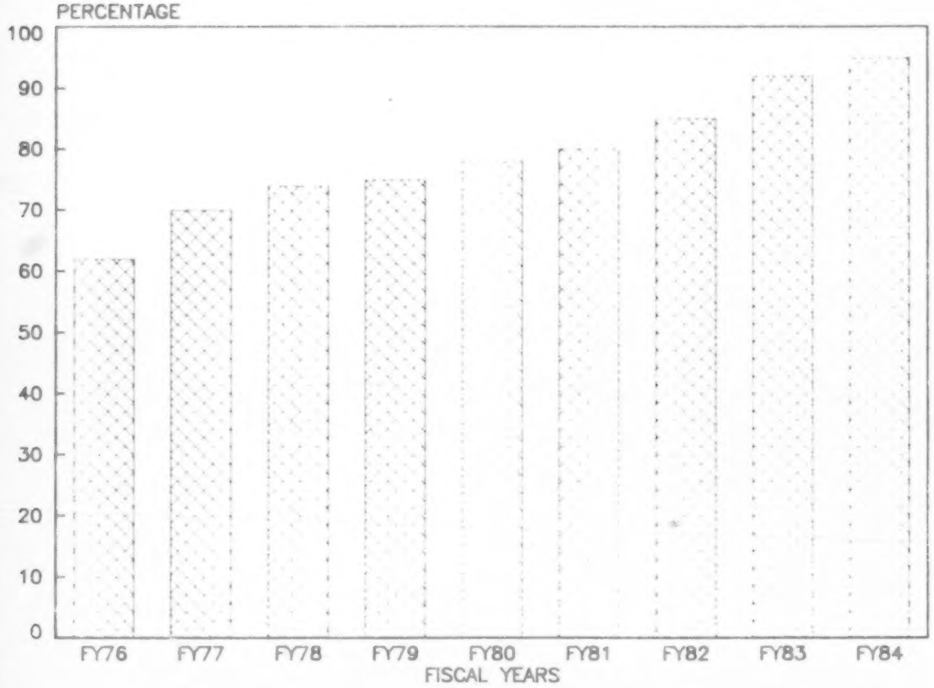
Fiscal year 1984 was a banner year in total reenlistments for the Marine Corps. By retaining well-qualified and proven enlisted Marines, the leadership and experience levels of the force were substantially raised. This, combined with controlled use of the Selective Reenlistment Bonus program and a vigorous lateral movement program, significantly contributed to lowering skill imbalances throughout the Corps, reducing this problem area to the lowest level attained in years. Thus far in fiscal year 1985, the Marine Corps is experiencing a continuation of the success realized last year as we apply these same manpower management and career planning techniques. As with officer accessions, we satisfied all enlisted procurement requirements in fiscal year 1984 while enlisting the highest quality Marines ever recruited, both in numbers of high school graduates and higher mental categories. Over 96 percent of all non-prior service (NPS) regular male recruits scored in the upper three categories of the Armed Forces Qualification Test (AFQT) and over 95 percent were high school graduates. Improvements in higher AFQT recruits can best be seen in the male NPS category distribution since 1979.

MALE NPS AFQT CATEGORIES

I		II	III	IV
Fiscal year:				
1979	2.2	21.9	47.8	28.1
1980	2.3	23.6	47.1	27.0
1981	2.4	29.2	54.8	13.6
1982	2.1	30.9	57.8	9.2
1983	2.4	33.7	57.6	6.3
1984	2.5	32.4	61.3	3.8

Our success in this area may seem to reverse in fiscal year 1985; however, this is a misperception caused by renorming of the AFQT test itself instead of an actual reduction in quality. Our current recruits match and surpass the quality joined last year. Our progress in recruiting high school graduates has been steady and consistent.

HIGH SCHOOL DEGREE GRADUATES RECRUITED



Quality has also steadily improved within the force itself as a consequence of infusion of a greater number of educated, more intelligent Marines. In addition, programs such as "clean sweep," which began in 1981, resulted in the separation of marginal and substandard performers from within the force. The resultant decrease in disciplinary problems has freed local field commanders to focus on readiness and the needs of the total command. The connection between better quality, as measured by completion of high school (HSDG/HSG) and by major traditional disciplinary areas of unauthorized absense (UA) and desertion (DES), can best be seen over time.

QUALITY REVIEW

[In percent]

	Fiscal year—								
	1976	1977	1978	1979	1980	1981	1982	1983	1984
HSDG accessed	61.6	70.0	74.0	75.0	77.8	80.1	85.0	91.7	95.4
Total enlisted HSG/above	73.0	78.9	82.2	84.1	85.2	86.6	87.8	94.1	96.5
UA	20.2	10.2	9.8	8.4	8.4	7.4	6.5	5.2	3.5
DES	6.9	4.7	4.0	3.8	3.4	2.9	2.1	1.6	0.9

In addition to general quality improvements, field commanders also benefit from a major policy change in recruit accessions to a level load program, which reduces turbulence and increases our ability to train Marines. They also benefit by the force "aging" process we are enjoying today, which builds on better retention, providing more experienced and qualified Marines at every level of responsibility. One reason for the aging is an increased emphasis on longer enlistment and reenlistment contracts. Whereas only 71 percent of our recruits in 1981 entered under four to six year contracts, 93 percent in 1984 were recruited for these longer periods. This same emphasis is being placed on reenlistments.

MARINE CORPS RESERVE

The Marine Corps Reserve maintains highly trained units and qualified individuals available for active duty in time of war or national emergency, thus providing a ready mobilization resource. The Ready Reserve, consisting of the Selected Marine Corps Reserve (SMCR) and the Individual Ready Reserve (IRR), potentially can provide an additional 90,000 Marines to the active forces on mobilization. Most of the initial remaining need will be met by recall of certain classes of retirees.

The Ready Reserve pool consists primarily of former Marines completing their military obligation. Last year, Congress increased the National Military Obligation of male citizens from 6 to 8 years. The impact of this decision will not be seen in the Ready Reserve until fiscal year 1990, at which time the number and percent of reserve manpower (primarily the IRR) available on mobilization will dramatically increase. However, despite the obvious advantages of the increase in military obligation, it creates some unique problems with the IRR population. For example, we anticipate problems with skill atrophy, mechanics of refresher training, and maintenance of correct addresses for members of the IRR. In compliance with your direction, we are developing plans to alleviate these problem areas.

In order to provide essential mobilization support, the strength of the SMCR has been steadily increased, a growth of approximately 13 percent since 1980, with a projected goal of 43,019 in fiscal year 1986. Simultaneously, quality has been improved by increasing the number of high school graduates and higher mental category accessions. Today, 92 percent of the SMCR population are high school graduates.

The IRR population, which provides the individual fill and replacements needed to support both Active and Reserve units on mobilization, had been declining, with a drop of almost 15 percent between fiscal years 1980 and 1983. That trend has now been reversed. The IRR is scheduled to grow to 50,000 this fiscal year and to reach 52,000 by fiscal year 1990. That steady growth will dramatically accelerate in 1990 as a result of the change in obligated service, almost doubling this mobilization asset by end of fiscal year 1991.

Whereas the IRR and Standby Reserve are scheduled to fill shortfalls in the active operating forces and Reserve units throughout the Corps, retirees (the final pre-trained asset category) are a primary source to fill supporting establishment billets within the continental United States. About 41,000 of our current inventory of retirees are considered "best qualified" for purposes of mobilization by reasons of age (under age 60), current involvement (retired less than 10 years), and physical readiness. Some of them are currently preassigned to specific wartime billets to minimize mobilization turbulence.

RECRUITING RETENTION

The Marine Corps continues on a steady and successful course of commissioning and enlisting quality young Americans. As mentioned, we enjoyed unqualified success in recruiting last year. Additionally, in light of the high level of retention, providing both stability and improved readiness, fewer new Marines will need to be enlisted or commissioned. As officer strengths remain relatively stable through fiscal years 1985 and 1986, less than 1,700 new officers will be required in either year, and in fact the requirement drops below 1,600 in fiscal year 1987. Similarly, despite planned growth in enlisted strength in both fiscal years 1985 and 1986, less than 40,000 new prior and non-prior service (NPS) Marines will be needed in fiscal year 1985, with less than 36,000 required in fiscal year 1986.

With respect to accessions in fiscal year 1985, we entered the year well poised to maintain the momentum, starting with almost 50 percent of the total enlisted force NPS requirements in the Delayed Entry Program (DEP) pool. Additionally, over 98 percent of those in the DEP are high school graduates and seniors, and less than 1 percent scored in AFQT category IV or below (before the mandatory renorming which became effective the beginning of last October).

Three recruiting goals have been established for the remainder of fiscal year 1985 and fiscal year 1986. The first is to continue to access high quality youths to ensure high technology fields are manned with Marines capable of truly understanding the systems they operate, and to ensure we continue to expand the number of higher mental groups assigned to infantry, tank, amphibian vehicle, and artillery MOS's. In this latter area, greater mental adaptability is needed to master complex new weapons systems and to understand today's complex tactics, fire support, and communications doctrine. We will not sacrifice our quality objectives to attain overall numbers; the long-term costs, as we have learned, are far too severe. The second goal is to continue to strive for level input to the recruit depots, particularly during the historically lean, late winter to early spring months. The level load system is essential to personnel management and is cost effective.

Our third goal is to continue to recruit to specific requirements of every Reserve unit in the country. In the past, we enlisted the total number of Reserves needed, but without thoroughly integrating manpower and training plans to ensure Reservists receive unit essential MOS training upon completion of boot camp. As a consequence, just two years ago, our Reserve non-prior service enlisted accession goals by MOS and unit were met only at a 42 percent level for air and 72 percent level for ground units. This past year, we attained all our goals both by MOS and unit. This achievement greatly improved the posture of the SMCR.

We have developed the program in terms of refined techniques and procedures, as well as the people, our recruiters, to meet the challenges. With respect to recruiter support, we ask that you sustain our Marine Corps specific advertising program. Thanks to your efforts, our current campaign is attaining satisfactory levels of Marine Corps awareness in the neighborhoods and small towns across the nation, providing the mechanism, through lead generators, for young people and our recruiters to make contact with one another.

REQUIRED SUPPORT

We do expect to encounter challenges this year in our search for the right "few good men and women." Despite the positive atmosphere of patriotism and confidence so very evident today, we will need to compete against improving job opportunities in the private sector and declining numbers of high school graduates. However, the combination of good retention, planning, and adequate accession and retention tools should allow our goals to continue to be met.

Your direct support is essential to gain and maintain effective quality control tools, which include: continued constant program support for Selective Reenlistment Bonus (SRB) and Enlistment Bonus (EB) programs, key to finding and keeping the "right" Marine; recruiting support to sustain both the program and people; mission oriented management efforts such as the Unit Deployment and Permanent Change of Station programs; officer management legislative support such as that mentioned earlier; and quality of life, compensation, and institutional support for the total military family, both those and their families who currently serve and those who have fulfilled their commitment and now stand as a major pre-trained mobilization asset—our retirees.

Your support in extending authorization for the SRB and EB programs, as well as your approval of increased Special Duty Assignment pay this year, provided direct essential help where needed. The latter provided a needed increase for recruiters as well as new entitlement for our Marines serving as U.S. Embassies guards worldwide.

EDUCATION

Congress has been very supportive in providing essential education assistance, such as the new Veteran's Education Assistance Act of 1984. We are convinced that this new program will have a positive influence both on recruiting and in retention of high quality young Marines, although it is premature at this time to accurately assess its specific impact. However, we can logically predict today that recruiting problems will arise as a result of the designated implementation date of this new GI bill. As currently scheduled, program eligibility and availability begin effective 1 July 1985 instead of 19 October 1984, the date of enactment. Despite the likely consequences of notification, the Marine Corps is morally obligated to accurately inform future Marines of all applicable changes in benefits in order to maintain credibility and integrity in the recruiting process.

As a consequence of the gap in eligibility, the Marine Corps expects that some of the young people currently waiting in the DEP to enter the Marine Corps will opt not to fulfill their commitment or delay entry from that scheduled in order to become eligible for this new program. As both accession and training plans are dependent on time-phased availability of recruits from the DEP, any disruption of the scheduled flow causes both near- and long-term costs of lost training seats, turbulence, and ultimately reduced readiness.

Representative Montgomery has offered a very fair solution to this expected recruiting problem in H.R. 752. Adoption of that amendment to the Veteran's Education Assistance Act will both modify the eligibility date to the date of program enactment, 19 October 1984, and extend coverage of this program to prior service personnel returning to military service. The Marine Corps strongly supports this amendment.

CONCLUSION

The Marine Corps has never been more ready to fulfill its role as the Nation's Force-in-Readiness. We have attained unprecedented heights of quality while surpassing every retention and accession goal, sustaining our readiness posture despite reductions in manning in the operational forces. Our Corps today is not an accident, but a product of long-term planning, support, and leadership which we jointly can be proud of. With continued mutual work, this posture should not diminish.

Senator WILSON. Thank you, General McMonagle.

FUNDING FOR GI BILL

Gentlemen, as has been observed this afternoon both by you and by me, the substantial portion of funding for the new GI bill in fiscal year 1986 is to be contained in the Veterans' Administration budget. The Army has requested $121 million to fund the recruit level kicker benefit permitted under that bill, but of course, since that funding for the basic benefit is part of the overall Federal budget, it is clearly a contributor to our deficit regardless of where it appears in the budget.

Obviously, as I need not explain to you, because of the deficit there is enormous pressure to cut the defense budget. It is, I think, fairly easy for the services to say they support the new GI bill so long as they do not have to pay for it and fund it from their budgets.

So I have a specific question for each of you. If your service was required to fund the basic entitlement portion of the benefits under the new GI bill, would your service do so? And if not, why not?

General PORTER. Well, sir, of course if we had to buy on that option right now, we are unprogrammed for it.

Senator WILSON. Now wait a minute, General. That is too easy an answer. You could reprogram for it if you felt it to be of sufficient importance.

General PORTER. Yes, sir; that is correct. Sir, I believe under those circumstances that the Army would respectfully opt for the continuation of the Veterans Educational Assistance Program that currently exists, under those circumstances, because it would impact on many of the quality of life and family support actions that we have under way and which are also very important to the soldier and his family.

Senator WILSON. Admiral Burkhardt?

Admiral BURKHARDT. Mr. Chairman, the Navy considers that the GI bill would be very useful in increasing the potential of our sailors and also the general public. But we have not programmed to pay for the entitlement portion of it that the VA has been scheduled to pay for, and we would not want to reprogram because we are certain that those moneys would have to come out of our proven targeted enlistment and selective reenlistment bonuses, which we know will work.

Navy views the GI bill as an entitlement and not as a force management tool. We feel the bonuses have much more impact for us in force management. For this reason, we have chosen not to apply any of the kickers or second tier benefits and would not reprogram to pay for the entitlement portion of it, although we support it as good for the country. It would increase the general quality of our recruits, but would not get us the numbers that we need.

General OAKS. I hate to prejudge a test—and it is a test, the new GI bill—but from the indications we have right now, the Air Force does not have a recruiting problem that would demand that we would fund a bill for that expense. So the Air Force would very likely not want to fund it.

Now, we could put it in and have it compete with the other programs that we have in the regular program process. But from the information available right now, the Air Force would not be inclined to fold the GI bill cost into its recruiting program.

General MCMONAGLE. The Marine Corps takes the same position as mentioned, Senator, certainly it appeals to the population who we wish to appeal to in our recruitment, the high quality. However, our budget, as mentioned, will not be able to take it.

Understanding we could reprogram also, but we have been following a conservative, deliberate, long-range force modernization plan since 1981 that projects out to the end of this decade. Our budget is linked to requirements of that plan and cannot absorb additional programs.

Senator WILSON. General McMonagle, does the Marine Corps feel that in terms of the value of a recruitment tool, that this is less desirable than your other options, the reenlistment bonuses?

General MCMONAGLE. Selective reenlistment and enlistment bonuses have proven highly effective management tools.

We support, as I said, the GI bill, but we believe the enlistment and the selective reenlistment bonus programs are much more important for finding and keeping the right Marines.

Senator WILSON. General Porter, would you also describe to me the Army's view of the effects on your recruitment should the subcommittee refuse to approve your requested funding for the recruit kicker?

General PORTER. Yes, sir, that would have a devastating impact on the Army. As you know, sir, under the Veterans Educational Assistance Program, we have those kickers and that is of tremendous importance to us to target that incentive against the MOS' that we need, the combat arms MOS', high tech, high quality MOS', and to attract those youngsters of test category I to III Alpha, which are the above average youngsters.

Without that, sir, we would be unable to fill many of our critical military occupational specialties, and there would be a dramatic reduction in the quality of the U.S. Army soldiers.

Senator WILSON. I suppose the one I should be asking the question is Dr. Korb, because this represents a conscious decision to really place the services in competition with one another. It is aimed, I gather, at curing what has been the disappointment that the Army has experienced in recruiting particular skills that you feel are critical.

But I cannot help wondering whether your brethren in the other services worry a little bit about that recruitment. I notice General Oaks said the Air Force is not having a recruitment problem of the same level, and the statistics bear that out.

Well, let me pursue something else in a broader way, and this was not intended as a segue. You have heard me ask this question before of Dr. Korb. I am concerned that the recruiting environments which you have each described as your expectation for the future will find each of you engaged in a bidding war against each other for the same high quality recruits.

Now, I heard his response, that the Department does have a strategy. But clearly, what we want is for the country to be the winner rather than the individual services, and I know you would all agree. Let me ask, though. It would appear that there are differences and that there is a competition.

Do you think that the Department's strategy is successful? If it is, why is it necessary for the Army to seek the kicker? I will ask Admiral Burkhardt first and then General Oaks.

COMPETITION IN RECRUITING

Admiral **BURKHARDT**. Mr. Chairman, there is certainly competition in recruiting, but we feel that the competition is in the marketplace with industry and the colleges. Therefore, the recruiting assets are needed to be able to compete in that marketplace.

While the services do end up competing against one another in the marketplace, it seems to us that by having individual service recruiting and having the services appeal to different segments of the market because of their different advantages, we do in fact get an enhancement, or a multiplier, in recruiting effectiveness for the resources we use.

Those who come in the Navy are looking for adventure and travel; those who are going into the Army are looking for shorter obligations and educational benefits; those who are going into the Air Force are looking for perhaps more stability in their assignments and family situation than they would find in the Navy; and those going into the Marine Corps want to be Marines. [Laughter.]

Admiral **BURKHARDT**. That is a very positive statement for the Marine Corps.

I think by operating this way that we are not competing directly with one another, but we are competing for slightly different segments of the market. The problem is to get the quality that we all need collectively, in a market that is more constrained than it was before, both because of the economy and the reduction in the cohort size.

We in the Navy feel that we have set the quality requirements as low as we can, considerably lower than we have been able to achieve in the last few years. For instance, we achieved 92 percent high school graduates during fiscal year 1984 and we are satisfied with 80 percent. We achieved about 70 percent of the upper mental groups and we say that in order to fill our technical school requirements that 60 percent would be adequate.

Therefore, it seems to me that if we go for the quality that we absolutely need, and no more than that, that the competition in the marketplace is a fact of life and one we have to deal with. It is not just among ourselves, but more importantly with industry and the colleges.

Senator WILSON. Well, let me ask you specifically whether or not the Navy is concerned about the level of recruiting of your sister services? I mean, from what you just said it sounds like you are enjoying an embarrassment of riches, almost. You are exceeding—you are getting more than your own determination of the need.

But since you are competing not only with the private sector, but with the other services, are you concerned about the Army's request for the funding of the kicker?

Admiral BURKHARDT. Mr. Chairman, we did achieve more than we needed in the last few years in the recruiting environment. We do not expect to be doing that in the future.

With regard to the Army's request for a kicker, as I mentioned, we do not plan on using an educational benefit as a retention tool or as a force management tool, and we would prefer to use targeted accession bonuses which we can target very precisely to the groups that we need to attract. These bonuses have more up-front impact for us.

We recognize that the Army must be successful in recruiting for the All Volunteer Force to work, and we understand the Department of Defense's need to make all services successful in recruiting. We accept the Department of Defense's apportioning those resources so that we can all succeed.

Senator WILSON. General Oaks?

General OAKS. I think Admiral Burkhardt has summed up the situation very well. The Air Force would certainly not be opposed and not worry about the Army having their kicker funded, and we have assumed, just watching the VEAP program work, that in order for a program to be effective for the Army they would have to have some competitive edge, and that kicker provides that and we have seen that work in a balanced way.

I think that the Department of Defense's strategy for balancing out that competition has been effective in the past and I would expect it to continue to be so in the future. Now, if there were an attempt to fund the kickers up to the $48,000, as provided in the new bill, I suspect we would fuss about that We would worry about that, but there has been no talk of funding the kickers to that level.

We have just recently completed some studies as part of another congressionally driven study on the so-called problem of declining youth cohort. The results of that indepth analysis are very encouraging. The bottom line of that study which will be out soon is that the outlook for the All Volunteer Force is bright and not bleak. That is important.

I think as we look at this question of competition among the services, we are healthy from competition. We enhance each other and there is a synergistic effect on the part of that competition in the recruiting world. We all benefit from one another's efforts to educate people about the military, the advantages, the pluses from serving the country.

I think we all benefit from that healthy competition, so I do not see it as a cutthroat and the Air Force does not see it as a cutthroat, destructive kind of competition, but instead as a healthy process that takes place every day.

RECRUITING AND ADVERTISING BUDGETS

Senator WILSON. Each of you, if I am correctly informed, establish your recruiting and advertising budgets independent of one another, do you not?

General PORTER. Yes, sir.

Admiral BURKHARDT. Yes, sir.

General OAKS. Yes, sir.

General McMONAGLE. Yes, sir.

Senator WILSON. Well, I will not ask you. I think the question might be put to Dr. Korb as to whether or not the collective effort is being successful or whether it is simply maybe costing everybody a little more than it should.

Let me ask another question that really is not related to the last one at all. I assume that each of you has done some analysis that would develop a differential in the needs and therefore the programs that might appeal to married and single enlisted personnel, or even married and single officers, although I think that is true to a much lesser extent.

In my home State there is a peculiar and a very aggravated problem with housing costs, that happily does not extend, at least to the same extent, nationwide. It is my impression, based upon constituent mail and the reading of repeated newspaper stories, that in terms of quality of life this is having a far greater impact than any other single thing, and quite understandably.

What analysis is made, and flowing from that what different kind of approach is made, if any, in terms of trying to retain the single and the married troopers? I would think that they would have very different needs and they would be interested, accordingly, in very different things.

General PORTER. Most of the effort that is family oriented, is focused on the Army families and the retention, as opposed to the enlistment phase of the process.

And we have, as you know, the Chief of Staff and Secretary of the Army designated fiscal year 1984 as the year of the Army family. The Chief of Staff published a white paper and caused a chain reaction throughout the Army at all of our installations to sensitize commanders at that level to assess what they could do to improve the lot of those young soldiers and their wives, to provide military transportation maybe in some cases from trailer courts into the commissary and the post exchange.

We have secured, with your support, the support of the Congress, additional child care centers and additional youth activities facilities for the hundreds of thousands of young dependents. We have tried to make the quality of life for young marrieds better, to entice them into reenlistment into the Army and the retention of these young people in the U.S. Army.

And there has been an increase in our advertising campaign.

Senator WILSON. Well, I am aware of a number of the efforts that the Army has made and that the other services have made, and I think that they have produced a very desirable change, and I commend all of you for that.

What I am really driving at is that I would think if the analysis has not been made, that the effect on retention, in particular for the middle enlisted ranks, young men who are having to be concerned about a young family, would be probably more influenced by factors other than the new GI bill.

I would think they would be far more interested in certain other things, and in fact I think in some instances their situation might lead them in that direction. I would think there would be a greater correlation, in a way, between those who are single seeking the educational benefits and those who are not seeking other kinds of benefits.

Have you developed any information of this kind in your retention efforts?

Admiral BURKHARDT. Mr. Chairman, I would agree that the married people are probably more concerned with the support of their families than they are with immediate educational benefits. We have certainly seen a change in the Navy since 1960, when 30 percent of our people were married, to the 55 percent who are married today. While we recruit sailors, we retain families.

It is for this reason that we have—I know my boss, Admiral Lawrence, has put a top priority on family housing. It is a difficult thing to achieve with the limits that we have on military construction, but it is a top priority.

We are also pushing very hard, as the other services are, for increased PCS benefits, so that people do not lose money during their transfers. Our family service centers have been most important to us in helping families take care of themselves, particularly when the sailors are at sea. We have about 86,000 single parents on any one day, because of people who are at sea away from their families.

I think the reason our retention has stayed up, even as the economy has improved, is in large measure because of our increased emphasis on taking care of the families.

Senator WILSON. General Oaks?

General OAKS. Mr. Chairman, you asked for data, and we do exit surveys for people that leave and retention surveys for people that stay. In every case with the retention surveys the prime keeper is retirement. Then pay and job satisfaction vary from time to time. For those that exit, people leave because either they do not have control over their assignments or because of spouse dissatisfaction.

Usually spouse dissatisfaction is first and the second is assignment control. In spouse dissatisfaction, housing costs are always folded in. Of course, in the exit interviews that is always a factor.

We, like the other services, have paid attention to that spouse dissatisfaction and tried to keep people in by family support centers and other similar family support programs. They have been effective in changing people's attitudes.

Senator WILSON. Thank you.

General McMonagle?

General McMONAGLE. Similar to that offered by General Oaks, we have both family advocacy programs and the family service support centers. We do not target retention by marital status, although, as it turns out, ours is the youngest service with a smaller percent of marriages. But as a result of our force aging as we keep people in longer, we find the number and percent of our dependents are increasing. As a matter of fact, right now 70 percent of our officers are married, as is 40 percent of our enlisted personnel.

And this past year, Senator, the number of our dependents for the first time exceeded the number of Marines. And so we ask——

Senator **Wilson**. Congratulations. [Laughter.]

General **McMonagle** [continuing]. So we ask for all the support we can get from your committee, Senator, on the military construction, pay increases, and any family housing programs.

Senator **Wilson**. Gentlemen, I do have additional questions, but I would yield now to Senator Thurmond, who has been sitting here patiently, and allow him to ask his questions.

Senator **Thurmond**. Thank you, Mr. Chairman.

Gentlemen, I want to welcome all of you to the Capitol and congratulate each of you for your fine dedicated service to your country.

General McMonagle, I want to specially commend you for your outstanding service and leadership at Parris Island.

Senator **Wilson**. Where is that? [Laughter.]

Senator **Thurmond**. In the land of sunshine, God's country. When did you come up here, General?

General **McMonagle**. Senator, I came up here 6 months ago from the low country. I have to add also, Senator, that of course I also had the pleasure to be associated with the chairman at our other recruit depot in San Diego. I have to make sure that I am fair to both our recruit depots. [Laughter.]

Senator **Thurmond**. You mean California is also a good Marine State? [Laughter.]

General **McMonagle**. Yes, sir, it sure is.

Senator **Thurmond**. Well, that is fine.

How is your son getting along?

General **McMonagle**. He is doing very fine, sir.

Senator **Thurmond**. He is at Notre Dame now?

General **McMonagle**. I have one that is a freshman there and one who is a senior. The senior will be going into the Marine Corps this May.

Senator **Thurmond**. I thought maybe you would send them to Clemson. [Laughter.] Gentlemen, during visits with some of our line units I have heard some complaints about the quality of the mid-level noncommissioned officers who enlisted during the late 1970's, when the quality of our recruits was at a low point.

Do each of the services have the present ability to eliminate marginal soldiers, even if they are middle level or senior noncommissioned officers?

General **Porter**. Your description of it is accurate, as it occurred during the timeframe that our armed services aptitude battery was mal-normed. What that left us with was a situation where mid-level noncommissioned officers are not of the same intellectual capacity, maybe, as some of the soldiers that they lead.

The way we have addressed that is we have established certain standards and we have given these young men who came in during that period, through the basic educational skill development program, an opportunity to grow in their basic skill capacity if they apply themselves.

They are really not bad young men. They are good young men. Their hearts are in the right place. If we can get their mind in the right place so they can become trainers and transfer the information that is contained in our field and technical manuals to those young soldiers, we want them to stay in, because they are dedicated young soldiers. We have given them every opportunity to grow through our on-duty education program, and remain on active duty with us.

However, sir, if they cannot measure up to the standards required of today's Army, then they are just not able to continue on active duty.

Senator THURMOND. Well, the question was, do you have the ability to eliminate them?

General PORTER. Yes, sir.

Senator THURMOND. In other words, to eliminate the marginal soldiers, and even if they are mid-level or senior noncommissioned officers?

General PORTER. Yes, sir.

Senator THURMOND. You do have the authority to do that?

General PORTER. We have the authority, yes, sir.

Senator THURMOND. I understand, of course, if you say you can do it you will do it.

General PORTER. Yes, sir.

Senator THURMOND. How about the Navy?

Admiral BURKHARDT. Yes, sir, Senator Thurmond. We have the ability to get rid of the substandard performers. We do this on an annual basis with our more junior sailors. We have a petty officer quality review board that reviews the more senior ones.

However, we find that, with the improved retention we have had, and the opportunity to establish some quality requirements for retention, that our career force is growing in quality from the days when they came in. For instance, in 1984 our career force consisted of almost 74 percent of the upper mental group, which is higher than we have ever been able to recruit. Their high school diploma graduate percentage was higher, far higher, than it was in the days when they were recruited.

We feel that, because of the very high technical requirements for promotion, the lower quality that we did get back in those years has been weeded out. We feel that our current force of petty officers is very fine.

Senator THURMOND. But you do have the authority?

Admiral BURKHARDT. We do have the authority and ability, and we do it in those few cases where we have problems.

Senator THURMOND. And you are exercising that authority?

Admiral BURKHARDT. Yes, sir.

Senator THURMOND. Is the Army exercising that authority?

General PORTER. Absolutely, sir. If they cannot meet the standards, then they are not permitted to reenlist.

Senator THURMOND. How about the Air Force?

General OAKS. Yes, sir, we have adequate authority and that authority is being exercised both through the provisions of the UCMJ and through administrative means. Reenlistment controls give us an opportunity to check it, and that is probably the best time to check the quality of the individual and see if you want to buy them for another term.

Also through promotion controls and through just general pressure on commanders, we have run a very structured quality force program for the past 4 years that has paid measurable dividends in those folks that you are concerned about, sir. So we have the authority and it has been used.

Senator THURMOND. And the Marine Corps?

General MCMONAGLE. Yes, sir, we have the authority and we have been aggressively discharging marginal performers since 1975. As a matter of fact, Senator, that is key to our success in building a quality Marine Corps. There has been a deliberate program to rid ourselves of those masquerading as Marines. And we have continually tightened the screws on that program. As a result, from 1975 to present, we have had significant reduction in both unauthorized absences and courts-martials.

We have the authority and, as mentioned by General Oaks, we set a high standard for both accessions and retention. While safeguarding personal rights, we have administrative procedures to eliminate those who cannot or will not maintain acceptable standards. We have the authority and we exercise it where needed, sir.

Senator THURMOND. So all the services have the authority and all the services are exercising that authority. So in view of that, I guess all the services have nothing but top personnel?

General MCMONAGLE. We are very happy with our quality Corps sir. We just want to keep it going that way.

Senator THURMOND. Very good.

Now, as the available manpower pools shrinks we will undoubtedly face difficulties in recruiting the high quality that we are enlisting today. What plans does each service have formally to address this problem before we get there?

General PORTER. Well, sir, we have discussed many of those today.

Senator THURMOND. Other than what you have said today. There is no need to duplicate and take a lot of time, and if you have already answered it sufficiently, you think, well, that is OK. But if you have anything additional.

General PORTER. Sir, I really do not believe I could add anything substantive to the comments that we have already entered into the record today.

Senator THURMOND. How about the Navy?

Admiral BURKHARDT. I would just repeat that we need an adequate number of recruiters, enough money to advertise and the money for the accession bonuses to fill those hard to fill jobs.

Senator THURMOND. And the Air Force?

General OAKS. Yes, sir. I just emphasize adequate recruiting resources and specifically recruiters. The most impressive, the most effective recruiting resource, is that recruiter out there knocking on doors.

Second is a competitive and a comparable pay and entitlement program to draw people in, and maintenance of that is the solution to any future recruiting problems. As I emphasized just before you came in, sir, our recent research indicates that the hullaballoo about the declining youth cohort is not going to have near the impact that had been predicted. There are many mitigating factors which indicate that the future for the All Volunteer Force is bright and not bleak.

Senator **Thurmond**. Are the services making a point to contact every high school and see if you can interest some of the graduates?

General **Oaks**. Well, there is a DOD program right now to test as many of the young high school graduating seniors as possible. That is a major effort which puts our recruiters into the high schools and gives them something that is a benefit to the high school senior, that is, a universal test. It is, of course, a benefit to us because it gives us those people in record.

Senator **Thurmond**. If you have the cooperation of the principals of the high schools in allowing them to make a speech to the senior class and maybe junior class too, that could be very helpful to the seniors. And you could have all of the services come in and explain just what the services do and what the attractions are and the benefits and so forth.

General **Oaks**. Yes, sir. One of the recruiter's major responsibilities in the local area, is to do that. He does most of his successful recruiting through the high school.

Senator **Thurmond**. The success of your efforts is going to determine whether you have good recruiters and whether they are persuasive speakers and make a good appearance. I guess you would try to select the best for your recruiters, do you not?

General **Oaks**. Yes, sir. The Air Force uses all volunteer recruiters, and that is why the special pays that are afforded those recruiters make it possible for us to get those kind of people that you are talking about and give them the support they need to do that kind of job in the community.

Senator **Thurmond**. And the Marine Corps?

General **McMonagle**. Yes, sir, Senator. Our recruiters at the substation level target high schools. I will say that some States are more cooperative than others as far as being able to get into the high schools, although normally there are variations in support within the States. But the high school is the target, and for the most part they are most cooperative.

Senator **Thurmond**. Now, I want to ask you this question and you can be brief in your answers. We have now heard repeated testimony this year about the out-of-pocket costs service personnel pay on a change in station move. Do you have any figures on what an average stateside move costs our service personnel?

General **Porter**. Out-of-pocket, sir? Are you asking for the average out-of-pocket cost?

Senator **Thurmond**. Over and above what the service would allow for change of station.

General **Porter**. Sir, I do not have that figure, but we do have it.

Senator **Thurmond**. Could you supply it for the record?

General **Porter**. Yes, sir.

[The information follows:]

PCS OUT-OF-POCKET EXPENSES

General **Porter**. Out-of-pocket expenses, those costs to service members directly related to a permanent change of station (PCS) in excess of authorized government reimbursement, varies widely by the nature of the directed move. The more distant the travel and the longer the displacement between quarters, the greater the out-of-pocket expense becomes.

A 1984 Air Force survey showed that for every $4 a member spends on a PCS, only $1 is reimbursed. Their survey showed median unreimbursed expenses of $1,791 for mid grade enlisted (E4-E6), $2,541 for senior enlisted (E7-E9), $1,383 for junior officers (01-03), and $2,730 for senior officers (04-06). These figures do not include losses from home ownership sales and purchases where the member loses substantial equity through payment of real estate agent fees, loan origination fees, discount points, settlement fees, etc. They also do not consider privately owned vehicle (POV) storage fees or sales losses when the next assignment is to a POV restricted area.

As a result of these costs, the survey indicated that 58% of the members surveyed had to borrow, including withdrawing money from savings, in order to meet PCS expenses.

These out-of-pocket expenses seriously erode the service member's standard of living and may have long term impact on his cash flow desperately needed to reduce the family strain during a residence shift. The Army views these costs as direct costs of doing government business and should not be borne by the member.

Senator THURMOND. Does the Navy have it?

Admiral BURKHARDT. We will supply it also.

[The information follows:]

PCS COSTS

Admiral BURKHARDT. The Navy does not have an average out-of-pocket cost to a service member for the out-of-pocket costs vary with the distance of the move, the marital and dependency status of the service member, the paygrade of the member, the location of the new duty station, the availability and affordability of adequate housing, and the mode of travel. Excluding the costs associated with selling/buying a house and traveling on a residence hunting trip prior to the actual permanent change of station, a 1984 analysis of costs and reimbursements demonstrates the percent of reimbursement of costs can be as low as 25% for a move of a short distance. The percent of reimbursement seldom is higher than 60%. When selling/buying costs and the cost of a residence hunting trip are considered, the percent of reimbursement plummets to as low as 5% and seldom higher than 15%. The following comparison is provided for a cross country move:

COMPARISON OF MILITARY PCS COSTS AND REIMBURSEMENTS [1] AS OF JANUARY 1, 1985

[From San Diego, CA, to Pentagon, Washington, DC]

	Cost	Reimbursements Mil (E-7) now
Prior to departure (6 days):		
Residence Hunting Trip		
Air Travel/Employee & Spouse	$780	[2] -0-
Lodging/Subsistence	566	-0-
Real Estate Expenses/Residence Sale	10,349	-0-
Subtotal	11,685	-0-
Enroute (9 days):		
Travel by POC (2630 miles)	[3] 526	[4] $671
Tolls (approximate)	10	-0-
Lodging/subsistence	950	[5] [6] 450
Subtotal	1,486	1,121
Upon arrival (20 days):		
Temporary Quarters/Subsistence	1,853	[7] 498
Miscellaneous Expenses	961	373
Real Estate Expenses/Residence Purchase	3,390	-0-
Subtotal	6,204	871
Total excluding real estate	5,636	1,992
Total including real estate	19,375	1,992

[1] Family—member, spouse, 1 child age 7, 1 child age 1.
[2] Space-available Military Aircraft Command (MAC) transportation for member only at cost of $10.
[3] $.20 per mile max for 4 or more occupants.
[4] $.15 per mile member; $.07 per mile spouse, $.035 per mile child age 7, $0 per mile child age 1.
[5] Per diem includes daily BAS.
[6] BAQ payment excluded, VHA not payable. BAQ may be needed for permanent quarters if dependents travel separately from member.
[7] 4 days Temporary Lodging Expenses authorized in law, no funds appropriated. Funds represent 20 days of BAQ, VHA, and BAS.

General **Oaks**. It costs the average Air Force field grade officer $2,700 per move above what he is reimbursed by the Government or, as indicated by Dr. Korb, about $1 out of $4 that an individual spends is reimbursed. It costs the average senior enlisted or middle grade enlisted about, I believe it was, $1,800 per move.

We will provide that data for the record in addition.

[The information follows:]

COST OF PCS MOVES

General **Oaks**. We do not have data showing just the out-of-pocket expenses for stateside moves. Our data, which comes from the 1984 Air Force Permanent Change of Station (PCS) Cost Survey, is a combination of unreimbursed expenses from both overseas and stateside moves. The survey revealed that after receiving their PCS reimbursements (i.e., member and dependent travel allowances and dislocation allowance), a member's median out-of-pocket expenses ranged from $1,400 to $2,700. The survey also showed that members often incurred one or more of the following additional PCS related expenses above and beyond the figures quoted above:

Additional expenses	*Median amount*
Relocation of dependents	$616
House hunting trip	459
Loss on sale of automobile	513
Depreciation on auto in storage	750
Cost of selling home	3,950
Cost of buying home	5,282
Member gives up second job (per month)	388
Spouse gives up job (per month)	555

As a result, over half (58%) of the survey respondents stated they had to borrow or withdraw money from their savings in order to meet the costs of their PCS directed move.

Senator **Thurmond**. And Marine Corps?

General **McMonagle**. Senator, we will provide that for the record.

[The information follows:]

MOVE COSTS

General **McMonagle**. We have not done a study to determine the total cost of permanent change of station moves; however, the today's reimbursement for permanent change of station moves does not cover the many costs involved with moving (e.g., eating, gas, temporary lodging, buying/selling property, advance rental deposits, utility deposits and household goods shipment if the weight allowance is exceeded). This is why we have included temporary lodging expenses, increased weight allowances and travel entitlements for junior enlisted in our budget request.

Senator **Thurmond**. Now, General Porter, the Army wants to allow the soldier of a grade less than E-4 with less than 2 years of service to move his family in an overseas move, does it not?

General **Porter**. Sir, if we have made an official request for that.

Senator **Thurmond**. If you do not know, just say so. I am just asking if that is the case.

General **Porter**. I do not know.

Senator **Thurmond**. I understand they do. I am just wondering, what impact would this have on the housing shortages in Germany and has our Government consulted the German Government on this issue? That would cost a lot of money, to send all of these soldiers below the grade of E4, to transport their families there, would it not?

General **Porter**. Yes, sir.

Senator **Thurmond**. Would you look into that and see how much it would cost and answer for the record whether the Army is asking for that, as I understand they are?

General **Porter**. Yes, sir, and the impact in Germany, yes, sir.

Senator **Thurmond**. And would all of you do that, the other services, and provide that for the record.

[The information follows:]

OVERSEAS MOVES FOR E4

Army

General **Porter**. The Department of Defense obtained authority to move families of junior enlisted personnel (E4 with less than 2 years of service and grades below) to oversea duty stations in FY1979. The cost to the Army at that time was $43M. Since then, the Army has continued to move junior enlisted personnel and their families overseas. In that accompanied junior enlisted personnel represent only 4% of all accompanied enlisted Army personnel in Europe, the overall impact on German economy housing has been neligible.

The current travel authority that Department of Defense is seeking is increased travel and transportation entitlements for junior enlisted personnel for moves within continental United States.

The FY1986 budget proposal seeks funding for junior enlisted dependent travel and an increase in their household goods weight allowance from 2250 lbs to 5000 lbs. The total cost to Army would be $57.8M for these initiatives.

The Army views these entitlement increases to be vital retention factors in the volunteer force.

JUNIOR ENLISTED TRAVEL

Navy

Admiral **Burkhardt**. The fiscal year 1979 Appropriation Act provided funds to enable junior enlisted personnel (E-4 with 2 or less years of service and more junior) ordered to, from, or between overseas duty stations to begin receiving the same basic travel and transportation allowances as their more senior counterparts. The Navy has been providing these entitlements since October 1978.

Our junior personnel ordered between duty stations in the 48 contiguous states and the District of Columbia do not, however, have these same travel and transportation entitlements. The fiscal year 1986 budget request contains funds to provide the same travel and transportation entitlements to all junior enlisted personnel. The cost to the Navy of creating parity among our junior enlisted personnel to include an increase in household goods weight allowance is $30.5M.

COSTS OF PCS MOVES OVERSEAS

Air Force

General **Oaks**. Under the provisions of Public Law 95-457, dated 13 October 1978, Congress appropriated funding for increased PCS entitlements for junior enlisted personel (E-4s under two years of service and below) assigned overseas. This increase included transportation for dependents, shipment of 1,500 pounds of household goods and payment of a dislocation allowance. At the time of enactment of the law, the Air Force estimated its cost to be $34.1 million. Since then the additional annual cost has been absorbed in the total PCS budget and cannot be separately identified. Unfortunately, due to budget constraints, the law did not include similar entitlements for junior enlisted members who PCS within the CONUS. The Services are attempting to correct this inequity in the FY86 President's Budget.

Department of Defense family housing requirement surveys for seven of eight Air Force bases surveyed in Germany as of 30 September 1984 indicate that enlisted personnel in the grades of E-1 through E-3 are "residing with families in the area" at the following locations:

Bases and E-1 through E-3

Bitburg AB	262
Hahn AB	541
Hessisch-Oldendorf	42
Ramstein AB	961
Rhein Main AB	188
Spangdahlem AB	340
Zweibrucken AB	121
Total	2,410

OVERSEAS MOVES (GERMANY)

Marine Corps

General **McMonagle**. Our presence in Germany is very small and mostly composed of officers and senior staff NCOs with the exception of Marine Security Guards who normally serve unaccompanied tours. The Army's initiative does not impact on us, nor are we similarly involved in a change.

Senator **Thurmond**. I think those are all the questions I have at this time. Thank you, Mr. Chairman.

Senator **Wilson**. Thank you, Senator

Senator Glenn?

Senator **Glenn**. Thank you, Mr. Chairman.

I am sorry I had to be out while you gentlemen were giving your testimony here. We have another subcommittee hearing and I had to go over there for a little while.

Following up on Senator Thurmond's questions on the permanent change of station reimbursements, the total bill we were given was $640 million for the total of all the services. Now, in the handout here that you had, General Porter, it breaks down a little bit on the Army's estimates of what the costs would be to the Army here and in the different areas.

But my question would be, which of those specific PCS initiatives are the most important, if we cannot grant them all? Would those be broken down just on the ones that are the biggest items here? And that is on page 10 of your handout.

Would it just be the dollar amounts in each one of those areas listed as they are right there, or would it just be something different as far as your preference if we cannot do them all?

General **Porter**. Sir, I am just not prepared to answer that question in terms of priorities, because we have asked for all of these and they are all very important and they all impact on the out-of-pocket expense, with the exception, of course, of the dependent travel.

Senator **Glenn**. I believe you said you were not certain whether this CONUS to abroad step has been requested for the lower enlisted ranks, is that correct?

General **Porter**. Sir, I am just not familiar with the extent of that request for the E-4 and below with less than 2 years service, and I am simply going to have to provide additional data.

[Additional information follows:]

PCS INITIATIVES

General **Porter**. We really cannot prioritize individual elements of our PCS package since different initiatives are needed to satisfy the needs of different segments of our force. Most initiatives are needed to help junior enlisted soldiers and their families, but other initiatives will help career soldiers or both junior enlisted and career soldiers. We believe the initiatives logically complement each other and have to be considered as a package. For example, it would not be logical to approve increases in household good allowances for junior enlisted without approving dependent travel for their families.

Current junior enlisted travel entitlements are extremely limited as a legacy from the draft-era and simply do not support the needs of today's Army. Our junior enlisted soldiers do not receive dependent travel allowances for PCS moves within the United States and only have a 225 pound household good allowance which roughly equates to 3 duffle bags. We are in the situation of telling our junior soldiers to move but then telling them we will not pay for moving their families or household goods simply because they have less than 2 years service.

Our PCS package for junior enlisted provides dependent travel, increases their household good allowance and pays mileage allowances for children under 2 years old. They all need to be considered together.

Our career soldiers do not have dependent travel problems like the junior enlisted but have a serious problem with their household goods weight allowances. The current ceilings have not been significantly changed for 20 years and simply do not reflect changes in life styles and property ownership since 1966. We are requesting modest increases in household goods allowances for career soldiers.

Both junior enlisted and career soldiers have major out-of-pocket expenses for temporary lodging when they move. We have the authorization for a temporary lodging allowance in CONUS but need funding. This will benefit both junior enlisted and career soldiers but it is oriented to junior enlisted soldiers and their families.

Senator GLENN. The point I was going to make was, if that is correct and if that is a request then that ought to be a figure added onto this, this is all CONUS to CONUS, is it not?

General PORTER. Yes, sir.

Senator GLENN. Would anyone else care to prioritize some of these changes?

General OAKS. That is a priority list, a DOD priority list of household goods, dependent travel entitlements for CONUS junior enlisted moves and temporary lodging expense allowance.

Senator GLENN. What if we cannot get all of those? Do you have certain ones you would break down under that?

General OAKS. Well, the first would be the household goods increase off the top, sir.

Senator GLENN. I see, it is prioritized in that order?

General OAKS. Yes, sir.

Senator GLENN. General Porter, last week General Elton told the subcommittee the Army needed to bring 59 to 63 percent of its recruits in AFQT categories I to IIIA over the next 3 years. How does the 59 to 63 percent requirement compare to what you have actually recruited since the beginning of the All Volunteer Force? Do you have any figures on that?

General PORTER. Yes, sir, we do have, and it is considerably lower than that. We are well below the other services in terms of test category I to III-Alpha or the above average youngster.

Senator GLENN. Have you ever attained that level of recruit quality in the past of that magnitude?

General PORTER. No, sir, not until the 1984 timeframe.

Senator GLENN. I will go ahead with the other figures there. What have you actually recruited since the beginning of the AVF?

General PORTER. We can take you back to 1980. In 1980, and it was probably just a tad lower than this in 1979. But in 1980, 26 percent of our accessions were in the category I to III Alpha, 22 percent were in category III-B, and 52 percent or 1 out of every 2 were in test category IV. Only 1 out of 2 was a high school diploma graduate, and that was a pretty bleak situation for us.

And by 1984 we had increased that to 63 percent in test category I to III-Alpha, 27 percent test category III-Bravo, and down to 10 percent of our accessions in category IV. Our high school diploma graduates were 91 percent or 90.8 percent.

Now, that year, in fiscal year 1984, we did achieve 63 percent I to III-Alpha, that was the best recruiting year that we have ever had. In 1985, we are recruiting at a level of 59 percent, with an objective to go from 59 to 63. Even at that level, however, we are still below the quality indicators for the other services as we measure them.

Senator Glenn. Well, you set good goals each year, and what I was getting at was this. I hope you are not being overconfident this year in being able to achieve these goals. I know that things have moved up, and I hope your confidence this year is well placed on being able to meet these goals.

I think perhaps in the past the goals have been overly optimistic as to what could be achieved. I do not know how many times in the past dozen or 10 years you have actually met the goals. I do not think it has been very many. I would hope you could do that this year.

General Porter. Well, sir, we are going to give it our best shot. And, as I mentioned before, and it may have been in your absence, sir, that we view this as our responsibility for the stewardship of this multibillion dollar investment that we are making in our new equipment and weapons systems.

Senator Glenn. Let me ask all of you to take a crack at this. What do the first quarter recruiting results look like, both for quantity and quality, in each of the services? And let us start in reverse order this time, General.

General McMonagle. Yes, sir. I do not have the figures, which I can supply for the record. But in talking to our recruiters, this year is starting off as a banner year. As I mentioned, Senator, we had a good year last year and, from what I understand, we are off to a good start again. That is probably as much as I can answer right now.

Senator Glenn. If you could submit that for the record, that would be helpful.

[The information follows:]

RECRUITING RESULTS

Marine Corps

General McMonagle. Our recruiting service is allowed to use prior service or non-prior service interchangeably to meet quota commitments. The first quarter quantity statistics for fiscal year 1985 are:

	Male	Female	Total	% of quota
NPS actuals	8,223	559	8,782	97.8
PS actuals	-		690	144
Total accessions	-	-	9,472	100.2

The quality statistics for non-prior service accessions are:

	HS grads	MGI	MGII	MGIIIA	MGIIIB	MGIV
October:						
Male	3,096	111	873	669	1,456	131
Female	227	7	107	93	20	-
November:						
Male	2,686	109	775	569	1,279	103
Female	229	8	106	97	18	-
December:						
Male	2,016	77	619	412	975	65
Female	103	5	44	52	2	-
Total	8,357	317	2,524	1,892	3,750	299
Percent of total shipped	95.2	3.6	28.7	21.6	42.7	3.4

General Oaks. Our quality indicators are just about equal to what they were last year, Senator, and our numbers were up slightly. We are up about 6 percent over our delayed enlistment program from where we were a year ago, and 41 percent of the year has gone by and we have got 40 percent of our year's accessions on the books. So we are in good shape.

Senator Glenn. Admiral Burkhardt?

Admiral Burkhardt. We have seen some reduction in the quality in our delayed entry pool as compared to last year. That gives us a bit of a look ahead as to how things are going to go in the future. As a result of this we see our quality dropping off somewhat.

Of more concern to us, as I mentioned in my summary, is the inability to get the numbers that we want in the delayed entry pool. Our quality has been even more of a concern for us, which is why we need to increase resources for recruiting.

Senator Glenn. General Porter?

General Porter. Sir, as far as our accessions, our accession objectives have been met to the tune of 100 percent. And of course, the way we meet those is that you write contracts for the near and far term and you put people into the delayed entry programs. Some of them ship right now.

But as was mentioned by Dr. Korb, our delayed entry program account, which actually works sort of like a bank account, has diminished from 40 to 28 percent over the past recruiting year. And you will not see that in the near-term timeframe because we still have 28 percent reserve. But our contract write rate, the rate at which we have written contracts, has diminished over the past 2 years. And we are very concerned about that.

We have upheld our accession quality, however, both in the Active and the Reserve components.

Senator Glenn. Looking forward into the future with what happens to our demographics, I do not know if you want to decline to comment on this one or not, but do you think we are going to have to go to a draft some day?

General Porter. Naturally, we would under a mobilization scenario.

Senator Glenn. I mean just if we continue as we are.

General Porter. In a peacetime situation, I would answer that question this way, Senator. I think the American people want to have a strong defense establishment, but they do not want to have a draft. And it is called kind of having your cake and eating it, too.

We can do that in this Nation. You have just got to buy the cake, and we can do it.

Senator GLENN. Admiral, do you want to comment on that? Do you think we will have to go to a draft some day?

Admiral BURKHARDT. Senator, we do not believe so. We are very pleased with the quality we are recruiting in. As I mentioned earlier, the quality in the last few years has been higher than we feel we absolutely need. We just need the recruiting resources in order to get out there and get the quantity in.

And as General Oaks has mentioned, we do not see the reduced youth cohort as being an insurmountable problem, provided we have the resources to compete.

Senator GLENN. General Oaks?

General OAKS. Yes, sir. As I just indicated twice before, let me place emphasis on this: The problem is not going to be any worse in 1992 than it was in 1982, and it is going to be better than it was in 1974, and we meet our recruiting goals in good shape in those years.

The mitigating factors are the number of women coming into the work force; and we do not recruit from 18 year olds, we recruit from 17 to 27; and also the number of immigrants and the lower level of Federal programs. All mitigate against a severe shortage on the part of young men and women to come into the services and do the good job that they are doing today.

General MCMONAGLE. Sir, as long as we can keep the enlistment and selective reenlistment bonus programs available, I do not believe the Marine Corps requires support under a draft system in peacetime.

If I may add, Senator, I have the figures from your previous question as far as how are we doing on recruiting so far this year. For so far in fiscal year 1985, our nonprior service target was 8,997. We achieved 8,782 which represents 97.8 percent of our goal at this time. Now, of course, the tough months are coming, February through May, but when the high schools close this summer we should make up for any problems. As far as our prior service, we have recruited or shipped 690. That represents 143.8 percent of the goal at this time, sir. The bottom line for us is total accessions, with our recruiters allowed some flexibility in the categories. To date, we are exactly on target in total accessions.

Senator GLENN. I understand, general, when I was out of the room you said there are now more dependents than there are marines, is that correct?

General MCMONAGLE. Yes, sir. There are more marine dependents than there are marines.

Senator GLENN. That is sure not like the old days. It never was, as somebody said years ago. [Laughter.]

RECRUITING ON CAMPUSES

Senator GLENN. One last question. On this recruiting, do you have ready access to all high schools? Do you have ready access to all college campuses these days, or are you still having trouble in one or the other of those areas?

General **Porter**. Well, sir, we do not have access to all high schools. I would say it would be a fair statement to say we have access to most high schools. There are still some high schools in this Nation that will not let the recruiting forces in.

Senator **Glenn**. One-half, one quarter? What would the figure be?

General **Porter**. Less than one-quarter. There are, I would say—and any of my colleagues can disagree with anything I am about to say about this. But I would say that there are probably a quarter or more of our high schools that will not permit the administration of the Armed Forces vocational aptitude battery, at about that level.

Senator **Glenn**. Is there anything we could do. How do we get over that?

Senator **Wilson**. Is it statewide or is it by individual school district?

Senator **Glenn**. That is a good question. Is it by State?

General **McMonagle**. No, sir, it is not.

General **Porter**. In some cases it is. In some cases individual schools.

Senator **Glenn**. What States give you the most trouble, general? Well, you can submit that for the record, and I will make it public, I guarantee you.

General **Porter**. I can submit that for the record.

[The information follows:]

RECRUITER ENTRY INTO SCHOOLS

Army

General **Porter**. There are no States which have a general policy prohibiting military recruiters access to high schools. Of approximately 21,000 public and private high schools across the nation, 2 percent deny all access to recruiters and four percent limit access to career days (job fair type activities). Access is not determined by the States, it is a matter that local school boards deal with. Many schools, however, limit access to directory information. Forty-two percent of the Nation's high schools will not provide directory information on Juniors and Seniors. The twenty States and the District of Columbia with more than fifty percent of their schools denying directory information to recruiters are listed below:

	Percent
Colorado	66
Connecticut	81
Delaware	82
District of Columbia	87
Georgia	56
Illinois	55
Indiana	72
Maine	90
Michigan	65
Missouri	54
Nevada	89
New Hampshire	80
New Jersey	83
New York	64
Pennsylvania	66
S. Carolina	83
S. Dakota	53
Vermont	88

	Percent
Virginia	64
Washington	51
Wisconsin	73

Information pertaining to entry into two and four year colleges is not currently available. The Army launched a new program on October 1, 1984 which is targeted at 2- and 4-year college graduates. The Army's recruiting force is currently engaged in gaining access to these colleges and will report entry problems as they occur. Entry problems encountered will be dealt with directly with the institution involved. Most entry problems are resolved at local levels.

LOCATION OF RECRUITER ACCESS DENIALS

Navy

Admiral BURKHARDT. The Navy has been denied recruiter access to 241 private high schools, 27 public high schools, four junior/community colleges and two four-year colleges. A state breakdown of these denials is:

State	Private HS	Public HS	Jr college	4 yr college
Arizona	1			
California	2			
Connecticut	7			
District of Columbia	2			
Indiana	3	1		
Massachusetts	5	1		
Michigan	7	3		
Mississippi	6	15	3	
Missouri	1			
New Hampshire	9			
New York	167			
Ohio	2			1
Oklahoma	3		1	
Oregon	1			
Pennsylvania				1
Texas	19	7		
Washington	6			

SCHOOL ACCESS

Marine Corps

General MCMONAGLE. We have a positive relationship with all states and have been very successful in gaining access to most high schools and colleges. Our recruiters enjoy access to students during school hours in all but a small percentage of educational institutions. Though only moderately satisfactory throughout the 1970's, this positive relationship we have with the educational community has developed steadily throughout the current decade. Recently, however, initial reaction in some localities to the National Commission on Excellence in Education's Report, "A Nation at Risk", has resulted in school policies limiting the degree of recruiter access to students during school hours.

Related to national attitudes, the educational community has been increasingly hospitable. Our representatives attending national educational association conventions confirm estimates from commanders in the field that school officials are highly complimentary concerning the conduct and professionalism of our recruiters in their high schools.

Unfortunately, one consequence of the Excellence in Education movement has been diminished participation in the DOD Student Testing Program. While attempting to increase the amount of instructional time received by each student, educators have inadvertently handicapped the recruiting effort by failing to recognize that administration of the ASVAB-14 as a legitimate educational acitivty. This has resulted in a substantial decrease in the overall number of students and schools tested through the country. Through the end of February, military recruiters have tested 649 fewer schools than last year at this time, and 49,436 fewer students. We tested 1,315 compared to 1,360 schools tested this time last year. The impact of this decrease is a corresponding decrease in the number of student leads available to the recruiter.

A second consequence of the movement is that a number of localities restrict granting students an excused absence for the purpose of testing and processing at the local recruiting office or Military Entrance Processing Station (MEPS). In Texas, Public Law 72 restricts the latitude of high school students to miss classes. This has been accommodated by temporarily adjusting the MEPS workweek—on a test basis—from Monday through Friday, to Tuesday through Saturday to determine the response of high school seniors to availability of Saturday processing. The ultimate impact of "Excellence in Education" upon the recruiting effort cannot be accurately measured at this time.

General PORTER. I would be answering off the top of my head right now.

Senator GLENN. Do you know, Admiral?

Admiral BURKHARDT. No, sir. Our head recruiter has not been complaining about this. Because of the high regard that the military enjoys these days in the country, it has been improving. But we can submit for the record those areas where he has a problem.

Senator GLENN. We would like that from each one of you, about where in the country, just as your assessment, where you are not permitted access to high schools and where you are not permitted access to college campuses.

[The information follows:]

ROTC ACCESS TO COLLEGE CAMPUSES

Army

General PORTER. ROTC recruiting and enrollment is focused toward those colleges and universities that, in our judgement, have the market potential for production of the quality and quantity of lieutenants needed to meet Army officer production requirements of 12,400 lieutenants per year. We currently have ROTC enrollment at over 1,400 campuses across the nation. We are aware of a small number of schools that have not agreed to their students enrolling in ROTC. They are: St. Pauls Lutheran College, Concordia, MO; Rockhurst College, Kansas City, MO; Dennison University, Granville, OH; College of St. Theresa, Winona, MN; Carroll College, Waukesha, WI; Illinois Benedictine College, Wisle, IL; Northeastern Illinois University, Chicago, IL; University of Chicago, Chicago, IL; and Northwestern Illinois University, Evanston, IL. There could be other universities which would deny an ROTC presence, but because we currently have no ROTC enrollment interest there, we are not aware of any.

RECRUITER ACCESS TO SCHOOLS

Navy

Admiral BURKHARDT. The Navy does not consider recruiter access to the Nation's high schools and colleges a problem.

The Navy attempts to gain access to 19,814 high schools, 1,117 junior/community colleges and 1,489 four-year colleges.

Navy has been denied access to 241 private/parochial high schools and 27 public high schools. One hundred sixty seven of the private high schools denying recruiter access are located in New York City.

There are four junior/community colleges and two four-year colleges that deny recruiter access.

RECRUITING ACCESS TO HIGH SCHOOLS AND COLLEGES

Air Force

General OAKS. Access to high schools and colleges, including two-year junior/community colleges, does not present a problem to Air Force recruiting efforts. The vast majority (approximately 95 percent) of these institutions encourage local Air Force recruiters to participate in career days, interface with their career/guidance counseling staff, and provide a place for recruiters to meet with students, either individually or collectively, who have expressed an interest in Air Force career opportunities.

The Military Entrance Processing Command, the joint-service organization responsible for administering the Armed Services Vocational Aptitude Battery (ASVAB) to all applicants for enlisted military service, indicates over 80 percent of the high schools they would like to have administer the ASVAB in the school itself are doing so. This represents over 15,000 high schools across the nation who not only allow recruiters access, but provide ASVAB testing support as well. Again, the vast majority of those high schools that do not administer the ASVAB still provide recruiters access to the school.

The spectrum of access runs from authorizing recruiters unlimited visits to barring recruiters entirely, with some very finely defined parameters established by the schools in between. For example, we know of at least six religiously affiliated colleges across the country who allow military recruiting only for health professions skills which is in accordance with their religious beliefs. The small number of high schools and colleges who categorically prohibit recruiters from visiting their campuses is not significant enough to warrant concern. When a school or college announces such a restrictive policy, it is standard procedure for the local Air Force recruiter, his or her first line supervisor, and, in many instances, their Recruiting Squadron Commander to visit the school to determine the rationale for the policy and, if possible, to have school officials reverse their decision. This "grass roots" approach has been highly successful, especially in those instances where the school policy was invoked arbitrarily or because of some misunderstanding which can be easily rectified by local recruiting and education officials.

Finally, we do not permit Air Force recruiters to make unannounced visits to educational institutions; they are required to call ahead regardless of the school's or college's visitation policy for military recruiters. This is a small but important affirmation of the Air Force's commitment to perpetuate the excellent working relationship our recruiters continue to enjoy with the Nation's educators.

SCHOOL ACCESS

Marine Corps

General **McMonagle**. Our Recruiting Service currently defines noncooperative high schools as those schools in which permission for official visits to a high school on a recurring basis are requested, but not authorized by school officials. Only 274 of the approximately 18,000 high schools in the country have been identified by Marine Corps recruiters as non-cooperative. The majority of these are parochial schools or private academies/prep schools. The noncooperative schools are fairly evenly distributed throughout the country.

With respect to officer procurement, the following undergraduate colleges do not permit campus access to Marine Corps Officer Selection Officers: Antioch College, Antioch, Ohio; Bluffington College, Wilmington, Ohio; Goshen College, Goshen, Indiana; Haverford College, Haverford, Pennsylvania; Elizabethtown College, Elizabethtown, Pennsylvania; and North Georgia College, Dahlonega, Georgia. The following law schools do not permit campus access to Marine Corps Officer Selection Officers: Syracuse University School of Law, New York University School of Law; Yale University School of Law; Columbia University School of Law, and University of California (Berkeley) School of Law.

General **Oaks**. Yes, sir. We have access to about 95 percent of the high schools in our recruiting efforts. But there is the problem of the testing that General Porter mentioned, and it is not that high.

Senator **Glenn**. And how about colleges? Do you have full access to college campuses these days? We are seeing, I think, a little bit of the reconstituting of the ROTC programs and so on in the different services, and there has been a swing back a little bit from some of the difficulties of a few years ago.

But do you have access to all college campuses now?

General **Oaks**. I think the 95 percent is probably a good figure with respect to colleges, too, sir. We will provide you some harder data on that.

Senator **Glenn**. We would appreciate it. Thank you.

General **McMonagle**. I would say, Senator Glenn, probably all of the States are cooperative as far as letting us into the high school. And then within a certain area, some of the high schools on an individual basis will not let our recruiters in.

Senator **Glenn**. Let me ask one thing. Are there any States that have a statewide policy by the State Board of Education against permitting recruiters in or anything like that? Or is this on a school board by school board basis?

General **McMonagle**. It is usually on a school board by school board basis. I have been away from recruiting for a little while, but some states require recruiters be provided a list whenever the school provides a list to a college. But that is not universal.

As far as college campuses, I will give you more detailed data for the record.

Senator **Glenn**. I think it would be valuable for the subcommittee, since what you are talking about, the overall problem of man- and womanpower in this country, is dependent upon you having access to getting to the people that are in the age bracket you need.

I think this is a very important thing for us to get into, and if each one of you can, if you would provide figures or give us a little study of what the effect is on your recruiting, state by state, area by area, college campus by college campus, if one is giving you problems. Otherwise, we are going to—if you do not point out these problem areas to us, we are assuming that in other areas you have 100 percent access to getting to the market that you are looking for.

And so I would appreciate each one of you doing a little study and submitting it for the record. And I do not think we need 10,000 people studying this thing, but your recruiting people can give you a breakdown on this without too much excess of paperwork.

Thank you very much, Mr. Chairman.

Senator **Wilson**. Thank you, Senator Glenn.

Gentlemen, we have heard a good deal about the role that military pay plays in recruiting and in retention. However, with the exception of General Oaks, who in response to another question indicated an order of priority with respect to the Air Force, we really have not gotten into that.

Let me just ask what you conceive to be the role of military pay in recruiting, as opposed to retaining, high quality personnel.

General **Porter**. Sir, I would say that the role of military pay is about equal. The first thing you have to do is you have to attract the youngster into your service as he evaluates all of the other opportunities he has within the society. So from that standpoint, he is certainly not going to come into a profession that does not offer him at least something close to equal to what he can receive down at the corner grocery store or some other civilian employment opportunity.

As far as the retention, the same thing. The soldier has got to feed his wife and family, and if he can do that better or do it at all on the outside he is going to opt out. So I would say, sir, that just in my humble opinion it would be about 50–50 with regard to both accession and retention.

Senator **Wilson**. You do not have any data that suggest that it is a good deal more important to retention? I would think it would be, when you are dealing with older personnel. And you frequently find yourself recruiting single troopers and you wind up retaining families. I would think that for that reason, the role of pay would be much less with respect to recruitment than retention.

General **Oaks**. The studies that we have done indicate that it is different for officers and enlisted, considerably different. For officers it is very important, the comparability of pay, because they went to college and have other job opportunities. People are soliciting them or recruiting them.

For the enlisted people, they join the Air Force for training and education primarily. That is their first motivation. And so for that enlistee the pay is less important. It is important. It is mentioned in the studies always, but it is not at the top of the list.

So it breaks out by officer and enlisted.

General **McMonagle**. I agree on the officer pay. As far as enlisted Marines I would say pay primarily influences retention, as I think our budget would support. Pay becomes increasingly important in recruiting, I think, as the job market gets better and the manpower pool declines. As far as retention, a Marine at the career decision point, which may be at the four, six, or ten year period, usually has other considerations which include the family. Job or service satisfaction is a very important area, but problems at home would normally take precedence in areas of retention. This is particularly true with Marines in more skilled fields.

Admiral **Burkhardt**. Senator, I would agree fully with General McMonagle and General Oaks. With the officers, there is clearly a shopping around aspect with regard to pay and so pay is very important to them.

For the enlisted, they come in for the training and for the adventure, and unless the pay disparity were great I do not think that you would find a problem there, although the problem will get greater as the economy gets better. However, for retention, it is very, very sensitive, and our sailors are being offered high-paying jobs on the outside where they do not have to work the long hours they work in the Navy.

Pay competitiveness is very important for retention there, and it is one of the reasons why we have to apply rather large selective reenlistment bonuses to those skill areas where people are very highly trained and very much in demand on the outside.

Senator **Wilson**. All right. The next questions, I am going to ask is that you submit answers for the record, both in the interest of time and I think you will want a little time to prepare the responses.

What in your assessment will be the specific effects on your branch of the service should the Congress freeze military pay in fiscal year 1986?

Second, what would be the effect of delaying the effective date of the proposed pay raise until April 1st of 1986?

And third, would your service support targeting a 3 percent military pay raise at the mid-enlisted grades, in an effort to improve retention of personnel in critical grades in fiscal year 1986?

[The information follows:]

PAY FREEZE AND PAY RAISE DELAY

Army

General **Porter**. The Army is achieving its aggregate manning requirements and has dramatically improved its force alignment process over the last three years. The retention of these soldiers (who will be the NCO corp of the 1990's) is important in terms of recruitment, readiness and modernization of the force. Eventual return to pay comparability with the private sector is the key to the adequate recruitment and retention of highly qualified soldiers in all skills.

Experience has shown that our highest quality soldiers are more sensitive to pay comparability and civilian employment opportunities. Economic analysis projects an FY86 pay freeze will cause a loss of 6,100 career force soldiers and 15,000 fewer high quality accessions during FY86-90 period. Even with the proposed 3% pay raise 1 July 1985, a loss of 3,000 career force soldiers and 7,000 fewer high quality accessions is projected.

Delay of the pay raise until April will result in the loss of 3,400 career force soldiers and 8,000 fewer high quality accessions FY86-90 period.

Basic pay is the foundation upon which the total military compensation system is built. It is the only element of compensation received in cash by every servicemember. Basic pay has always been paid for services rendered. The proposed fiscal year 1986 pay raise is less than the projected civilian wage growth, therefore the military pay lag will not be reduced.

The concept of targeting is designed to deal with specific problems. Enlistment and reenlistment bonuses and special and incentive pays are forms of targeting designed to deal with specific skill shortages and problems. The Army has requested additional funds for selected reenlistment bonuses [SRBs] for selected skills and has plans for use of more special and incentive pays.

The proposed 3 percent raise limits the capability to direct some of the basic pay to the pay grades and years of service of high performance personnel and some to all other personnel. The 4-percent pay caps of the last 3 years have been shared by all personnel and all grades should receive a pay raise this year to minimize loss of comparability and to assist in maintenance of purchasing power. However, the basic pay compensation in some pay grades and years of service does need to be reviewed to determine if adjustments to the pay tables are needed to adjust the pay compression for some pay grades and years of service. We must continue to explore all possible methods to improve the accession and retention of personnel in critical grades.

PAY RAISES

Navy

Admiral **Burkhardt**. Computer projections based on a four percent pay raise on Jan. 1, 1985, no further raises until October 1, 1986 (fiscal year 1987 pay raise), and pay raises from fiscal year 1987 to fiscal year 1991 equivalent to projected civilian wage growth showed the following losses in Navy enlisted careerists by fiscal year 1991 above projected losses to Five Year Defense Plan end strengths:

Length of service cell:	*Losses*
5 to 10	-12,723
10 to 20	- 8,811
20 to 30	- 2,400
Total (5 to 30)	-23,934

The fact that non-technical career fields second term retention has dropped since the first quarter of fiscal year 1984, leads to the conclusion that basic pay levels are not high enough.

Civilian wage growth as measured by the Employment Cost Index is increasing at about 5 to 6 percent per year. Our wage growth is already behind the civilian growth by approximately 13 percent. The 3 percent pay raise requested on 1 July 1985 does not regain equity with civilian wage growth. Any delay in the pay raise will further exacerbate our lag behind civilian wage growth and will have a negative impact on recruiting and retention in the near future.

Since we are seeing downturns in both retention and recruiting, regaining comparable civilian wage growth levels across-the-board becomes more necessary. The funding levels and program enhancements for our special and incentive pays requested in the fiscal year 1986 budget are the minimum necessary to gain or maintain required critical grade retention levels. Targeting pay raises can, as in the past, lead to pay inversions in the basic pay table. Not providing an across-the-board pay raise could create skill shortages in areas not currently requiring bonuses or special and incentive pays to maintain required retention levels. Although the proposed 3 percent pay raise is inadequate to reach wage growth levels in the civilian community, it is a step in the right direction.

MILITARY PAY FREEZE

Air Force

General OAKS. According to our enlisted econometric model, (assuming a 6% Consumer Price Index, a 1% real civilian wage growth in fiscal year 1986, and an unemployment rate of 7.3%), the Air Force will sustain additional losses in fiscal year 1986 of 2,200 enlisted personnel, 1,000 careerists and 1,200 first termers. Using the officer model with the same assumptions, our additional pilot losses (6-11 yrs) will be 67, and our additional non-related losses (4-11 yrs) will be 131 in fiscal year 1986. What our econometric models cannot predict are the psychological impacts of a military pay freeze. When viewed in concert with the hardships of military life and the perception of eroding entitlements, such as changes to the retirement system, discontinuance of tax exempt status for allowances, unreimbursed moving expenses, nonstandard workweek, family separations, 24-hour availability, and risk of life or injury, the ultimate effect of a pay freeze could be considerably worse.

Our concern is heightened by the premonition that the repetitive pay caps, which have become a fact of life since fiscal year 1982, portend a situation that parallels events of the mid-1970's and that culminated in almost debilitating losses. The effects of the collapse in retention rates between fiscal year 1975 and fiscal year 1979 were buffered, however, by the programmed reduction in end strength over those four years and the large reservoir of experienced officers and airmen left over from the Vietnam era.

The Air Force can ill-afford another such downturn in retention because we face increased requirements over the next few years and must retain all of the experienced personnel we possibly can. Today, if a new cycle starts, we simply will not be able to absorb the impacts without readiness shortfalls.

While we would prefer a delayed pay raise rather than a pay freeze, we are still deeply concerned that such an action could be the added impetus in forcing many of our experienced personnel to leave the Air Force. For the last two years (FYs 84 and 85), the annual military pay raise has been delayed until January. It is already difficult to explain to our people why military pay lags private sector wages by such a wide margin—approximately 10% as measured by the Bureau of Labor Statistics' Professional, Administrative, Technical, and Clerical Workers Survey, and the recurring delays further exacerbate their perceptions of how our civilian leadership views their sacrifices in "order to serve." A number of service members feel they are being asked to bear a disproportionate share of the burden after considering the frequent moves, family separations, nonstandard workweek, loss of certain individual freedoms, and risk of life or injury.

We strongly oppose targeting the three percent pay raise. This modest raise will not reduce the comparability gap but will only reduce the rate of growth of the gap. This ever-widening gap exists for all personnel, and whatever pay raise is authorized should be applied across-the-board. Basic pay is the foundation of the military compensation system and is the only element of compensation received in cash by every service member "for services rendered."

The establishment of a variable pay system that recognizes the supply and demand conditions of the "marketplace" has been studied in-depth and considered numerous times in the past few years. While this concept may have application in the private sector, it does not lend itself to successful use in the military because of the unique nature of the mission, skills, and way of life. For example, while there may be a relationship between the training, knowledge, and some duties performed within certain "trade skills" (carpenter, plumber, electrician, airplane mechanic, etc.) there is little commonality in their "way of life." Inherent in the military way of life are certain unique conditions of service (commonly known as the "X" factor among which are enforced family separation, frequent moves, overseas service, nonstandard workweek, loss of certain traditional freedoms normally associated with civilian life, exposure to additional risk of combat, and lack of personal control of destiny) that have no counterpart in the private sector and therefore have no "marketplace" upon which to base a comparison. It is the predominance of the "X" factor, that has convinced various study groups to acknowledge that the current pay and allowances system with strong institutional supports has been effective in enabling the military services to meet their aggregate manpower requirements and should be retained.

Notwithstanding our fundamental disagreement with a marketplace approach, there are numerous military skills, which are highly transferable and in great demand in the private sector, that require us to use selective reenlistment bonuses and special and incentive pays to meet our retention objectives. Therefore, although we attempt to limit our use of bonuses and incentive pays to a minimum, we also recognize that as the demand for skilled, experienced technicians persists, we will need increased incentives to partially offset the "pull of civilian industry."

PAY RAISE

Marine Corps

General McMonagle. In light of fiscal constraints, Defense has already agreed to freeze military pay in fiscal year 1986. The late fiscal year 1985 3 percent raise was added to soften the impact of that decision by retarding a further rift in pay comparability. In light of our continued success in recruiting and retaining a quality Marine Corps, I would be hard pressed to argue any immediate effect of an isolated pay freeze, although we cannot afford the costs of losses in manpower or readiness of aggregate shortfalls. We know from past experience the pay freezes have an adverse impact, especially during period where the overall economy is improving, with perceptions of a return to the debilitating double spiral of military pay and benefit erosion that existed in the late 1970's . Our current recruiting and retention success is largely a result of your efforts in achieving pay comparability with the private sector. Pay freezes erode comparability and affect our ability to compete with the private sector. We simply cannot afford a massive loss of the career military force.

Because of our present recruiting and retention successes, it would be difficult to say if delaying the July 85 pay raise of 3 percent until April 1, 1986 would have any effect at all, but it would widen the gap between military and private sector pay for the period of the delay and reduce earning power of the raise.

We believe pay raises should be applied to everyone and not targeted toward specific grades. Across-the-board pay raises are more stabilizing simply because the raise supports our institutional values. We prefer to utilize special pays and bonuses to address specific manning problems within the total force, of which half of the Marine Corps is below the grade of E-4. Consequently, a targeted pay raise aimed at the mid-enlisted grades would disadvantage a significant portion of our enlisted force.

Senator Wilson. Let me hit on one other specific problem that I gather is a problem for both the Navy and the Air Force, and I gather it may be as well for the Marines, having to do with pilot retention. Admiral Burkhardt, you and General Oaks both have noted your concerns about the effects of airline hiring on your pilots and about pilot retention in general.

I do sense a difference, though, in your degrees of concern about the present situation. General Oaks, in your formal statement you urge the continuation of the aviation current incentive pay, while Admiral Burkhardt is advocating substantial increases in the aviation officer continuation pay. In fact, the Navy has recently announced that it will begin lump sum AOCP payments of up to $36,000 to pilots in certain aviation communities.

Let me ask you, General Oaks, what effect would the payment of a lump sum AOCP of up to $36,000 have on Air Force pilots?

And second, does the Air Force believe that the present ACIP program is adequate to meet the Air Force's pilot needs for the next several years, or does the Air Force expect to seek increases in that program?

General **Oaks**. Well, first on ACIP, the present level has declined 12 percent since 1981, when it was last addressed, and we would expect to see—we would expect to submit a request for an increase, probably in 1987, of the ACIP just to maintain its purchasing power that it had in 1981, and that has deteriorated over that time just due to inflation.

However, we like the basic structure of aviation career incentive pay, and we like it because it is universal, it is predictable, it is an entitlement. It gives the aviation career a degree of stability that we have felt that large bonuses do not. So we have elected to not go with large bonuses.

We are worried about the disruptive force or the disruptive factor within the aviation community of paying to—depending upon how retention is running, fighter pilots get a bonus this year, Military Airlift Command pilots do not get it, and vice versa next year. And that instability has been something that we have elected not to pursue.

But we recognize that a year from now we could be in a situation that would be a hemorrhage of talent, that we would have to use whatever is necessary, and an AOCP kind of program buys you immediate retention. We have not felt the need to buy that retention and the subsequent instability in the incentive pay.

Senator **Wilson**. Admiral Burkhardt, if the situation really is more serious in the Navy than in the Air Force, why is that? What is the difference? Can anything be done to improve pilot retention in the Navy, except by raising the amount of the AOCP?

Admiral **Burkhardt**. It is difficult for me to compare the Navy and the Air Force. I can say, however, that we have a differing severity of the problem among the various communities in the Navy. The problem is particularly severe in those communities that are sea-based, where there is a lot of family separation, in other words, it is most severe among those who operate from the aircraft carriers. That is where our problem is and that is where we are targeting AOCP.

We also think that ACIP is a very useful tool for encouraging individuals to come into an aviation career. It is a career incentive pay. But we see AOCP as a necessary retention tool that can be targeted to those communities where the arduous nature, combined with the airline hiring and the strong overall economy, is causing us a rather significant increase in the number of resignations over what we have had before.

We have learned from sad experience in the past that we need to anticipate the problem and not lag behind it. That is why we are now doing all we can to improve retention.

Senator **Wilson**. General McMonagle?

General **McMonagle**. Yes, sir. I will just comment, we do not have a problem with pilot retention at this time. As a matter of fact, in fiscal year 1984 we were able to retain 94 percent of our pilots and 95 percent of our naval flight officers.

We do support both ACIP and AOCP. At this time, we would not need AOCP, although we would like to have it on the shelf in case it is needed in the future.

Senator **Wilson**. It is interesting you are not having the same problem the Navy is, at least with respect to the same communities, those that are carrier-based.

General **McMonagle**. Yes, sir. In the outyears, if we were to have a number of squadrons going aboard carriers, that could change the picture. I could not predict at this time.

Senator **Wilson**. Let me ask all of you, has any analysis been done of the airlines' likely requirements? I mean, are they approaching a point where we can expect some saturation and they will no longer be the competition that they have been? General Oaks?

General **Oaks**. Our look—and it is hard to predict it out too far—shows that in 1985, we expect about 5,000. Just to give you historical numbers, 1983 was about 1,000 airline hirings, and 1984 was about 5,500. That is all airlines.

And we expect 1985 to be at about 5,000. That is a big sum or a big draw on military pilots. We have not looked at 1986 and 1987. I cannot give you either figure. But the 1985 figure, that poses a threat to us and we are aware of that and worried about that.

Admiral **Burkhardt**. One thing that we know, Senator, is that the percentage of airline hires that are filled by military pilots is a far lower than it used to be. It appears that, because of our retention incentives, the airlines are being forced to hire more civilian-trained pilots.

Therefore, I would say that the pull of airline hiring on military pilots is going to continue to be rather strong. One of the things that has, I think, helped us is that the airlines have lowered their initial pay for starting pilots. This is about $20,000, as compared to a little over twice that for our lieutenants.

However, after 10 years, the average airline pilot is getting about $80,000, which is more than any of us make. The young men see that.

Senator **Wilson**. Gentlemen, I did not intend to keep you here past 5 p.m. I have two questions left, but I will submit those for the record. One is to you, General Porter, on benefits in the Army, and the other has to do with nuclear officer retention in the Navy, Admiral Burkhardt.

Mr. Tucker will get those questions to you and we would appreciate your submitting responses for the record.

General **Porter**. I am sorry, sir. I did not catch that.

Senator **Wilson**. I have one question that relates to you, and Mr. Tucker will see that you get that question and you can respond for the record.

[Questions with answers supplied follows:]

Questions Submitted by Senator Pete Wilson

GI BILL

Senator **Wilson**. General Porter, you said in your testimony that the Army wanted to reduce the new GI bill contribution to $60 a month so that "more of our young married soldiers can participate."

Is it the desire of the Army to increase participation by soldiers or to increase the number of personnel coming into the Army who might otherwise not enlist?

General **Porter**. It is the desire of the Army to ensure that soldiers who join the Army and want to take advantage of the educational benefits are able to do so. Considering the social and economic factors (size of family and total income of PVT E-1) influencing a new recruit's decision to participate, spreading the total contribution over a longer time period will make the new GI bill more attractive and affordable to the new enlistee.

RECRUITING BENEFITS IN THE ARMY

Senator **WILSON**. General Porter, I understand that only the Army will be permitted to pay the enlistment kicker authorized under the "New GI bill' and I believe the Army budget for fiscal year 1986 contains a request for $121 Million for that purpose.

At the same time, the Army is seeking money, some $70 Million, to pay new enlistment bonuses to some 16,500 recruits in fiscal year 1986. That, by the way, is more than 1,000 more enlistment bonuses than were paid in fiscal year 1985.

Why should this subcommittee approve the Army's request for increased enlistment bonuses when all the Army recruits in fiscal year 1986 will be eligible for vastly increased educational benefits under the "GI bill"? Doesn't the Army believe this "New GI bill" will enable it to recruit the new personnel it needs?

General **PORTER**. The new GI bill with the New Army College Fund will, as did the old Army College Fund, provide educational incentives which will allow the Army to attract high quality enlistees at a rate comparable to recent years. However, due to the declining 17-21 year old manpower pool, (especially the prime recruiting 17-19 year age group) and recent declines in the unemployment rate, our projections indicate a requirement of 16,500 new enlistment bonuses for fiscal year 1986. The bonuses are targeted against specific MOS (primarily combat arms) which have always been difficult to recruit and are expected to continue to be difficult.

NUCLEAR OFFICER RETENTION IN THE NAVY

Senator **WILSON**. Admiral Burkhardt, in your formal statement, there is a table showing the Navy's record of retaining certain categories of officers including nuclear officers. It shows that the Navy has not met its retention goals for either nuclear surface or nuclear submarine officers for the past four years. In fact, the Navy has not come even close to attaining those goals despite the substantial amounts of money and new programs which have been authorized to address this problem during that period.

The Navy now suggests that additional money be authorized and that programs be restructured to put more money in the hands of nuclear officers.

In light of the failure of the Navy to retain the required numbers of nuclear officers even during years when substantially increased sums of money were authorized to assist in that retention, my question is whether it is possible for the Navy to buy nuclear officers or should we start thinking about other approaches. In answering this question, I would appreciate it if you would describe what the present total yearly compensation would be for a Lieutenant Commander with over six years of service who during the year agreed to remain on active duty for four more years and to work with naval nuclear propulsion plants, was qualified for submarine duty incentive pay, and was qualified for career sea pay.

Rear Admiral **BURKHARDT**. We are absolutely confident that the legislative proposal to enhance Nuclear Officer Incentive Pay will reverse the decline in experienced nuclear officer inventory and restore the eroding junior officer recovery. More importantly, we are convinced that this proposal is crucial to our continued ability to safely operate and maintain our nuclear propulsion plants in the near term as well as in the coming decades. Inventory growth to required levels will take time, but it will not occur at all unless we make immediate adjustments to the incentive value and structure of Nuclear Officer Incentive Pay.

The nuclear officer problem is not merely one of insufficient retention of junior officers. Rather, the problem involves an existing shortage of experienced officers, a projected growth of that experienced officer shortage, and an apparent reversal of the junior officer recovery that began in 1981.

Our efforts to grow required inventories of experienced ship Department Heads, Executive Officers, Commanding Officers, and Post-Command Officers must start with junior officer accessions and retention. The officers who begin nuclear training in 1985 will be our experienced ship Department Heads in 1992 and will be our Commanding Officers in the year 2000. Accessions and required retention are linked. Accession goals are based on filling future at-sea Department Head billets assuming average historic retention rates. When actual accessions fall short of this goal, a higher precentage of the reduced year group must be retained. When the higher retention requirement is not achieved, sea tours are extended and officers are assigned back-to-back sea tours to keep our ships fully manned. The result, of course, is additional officer resignations. Nuclear Officer Incentive Pay (NOIP) has proven its ability to increase both accessions and junior officer retention. Most recently, after NOIP was increased in January 1981, nuclear officer accessions rose dramatically from 79 percent (602 of 758) in 1980 to peak of 96 percent (791 of 821) in 1983. Similarly, junior officer retention rose from 33 percent in 1981 to 47 percent in 1984. It is instructive to note, that if we had achieved the required accession goals in 1976 and 1977, the actual retention rates in 1983 and 1984 for these year groups would have provided the necessary experienced nuclear trained officers. Regrettably, the effectiveness of nuclear officer incentive pay has again eroded since 1981. While NOIP has remained constant, military base pay has been raised 28.6 percent and the Employment Cost Index for Professional and Technical Workers has increased 34.9 percent.

Consequently, accessions declined to 92 percent (761 of 830) in 1984 and even further to an estimated 83 percent (661 of 805) in 1985. At the same time, retention rates have leveled off. However, officer retention rates are not measured until two years after a year group becomes eligible to resign. A more timely indicator of present resignation trends is the number of resignations received in a year compared to community size. This data shows that resignations in 1984 have returned to 1981 levels. Resignations to date in 1985 are running above 1984 levels. The junior officer recovery problem is not one of NOIP being ineffective, but rather the problem is the lack of built-in flexibility to allow minor adjustments to the rate of recovery when necessary and to maintain equivalent incentive values to sustain the recovery in an inflationary economy. We must act now to restore the incentive value of NOIP to prevent aborting the current recovery before our objectives are achieved. Without a comprehensive long term plan we cannot hope to provide the community stability necessary to grow sufficient inventories of experienced officers for the next two decades.

Our most serious and immediate problem, however, is the existing large shortage of experienced (Lieutenant Commander through Captain) nuclear trained officers. This shortage, which is projected to grow from 18 percent in fiscal year 1984 to 22 percent in fiscal year 1987, is the result of inadequate accessions and retention of the previous decade. Until we can grow a new inventory of experienced officers, we must keep the maximum possible number of officers in the depleted senior year groups. To accomplish this objective it is necessary to restructure NOIP to better target this group

The reasons we have had difficulties in achieving nuclear officer inventories are complex. In considering the worth of new approaches it is necessary to understand what we ask of these officers and why we ask it. Briefly, the nuclear powered submarine is an evolutionary step in naval warfare. Our attack and fleet ballistic missile submarines have made an immense contribution to the preservation of world peace for more than two decades. This contribution would not have been possible without the ability to operate submerged and undetected for sustained periods; a capability which has been made possible by nuclear propulsion. Our use of nuclear propulsion mandates a public trust to safely operate and maintain our reactor plants. This public trust can only be sustained by an exceptional level of dedication by all personnel assigned to duty involving the supervision, operation and maintenance of nuclear propulsion plants. It involves constant attention to every detail, repetitious training to safely conduct complex evolutions and to immediately respond to every conceivable abnormality, and a system of rigorous monitoring and intense inspections. The resulting impact on our personnel is hard work and long work days. Working evenings and weekends is routine. Add to this the long periods of family separation inherent in sea duty and it is not surprising that our nuclear trained personnel perceive that they work harder than their peers in any other profession. With the proposed enhanced NOIP, a married Lieutenant Commander postulated in the question and stationed in Charleston would receive $52,127 per year.

Base	$26,823.60
BAS	1,274.16
BAQ (married)	6,058.80
VHA (Charleston, SC)	1,410.48
Career Sea Pay	2,280.00
Submarine Pay	5,280.00
NOIP	9,000.00
Total	52,127.04

The experience that our nuclear trained officers have gained in safely maintaining nuclear propulsion plants and in operating and fighting the nation's front line ships is irreplaceable. The cost of this experience cannot be quantified. There is simply no external market from which men of the requisite experience level can be purchased. If the individual perceives that his compensation is inadequate to overcome the additional working hours and intense stress, we will simply lose him to civilian employers eager to hire our experienced Navy engineers and managers. The additional pay which we give these dedicated men is well worth the investment.

In summary, our proposal to enhance NOIP is specifically designed to provide a lasting solution to the nuclear officer inventory problem. This is accomplished by restoring incentive values to 1981 levels, restructuring to better target our experienced officers, and providing sufficient flexibility to rapidly respond as necessary to adjust and sustain the recovery. In short, it will provide us with the tools to manage the problem. We are confident that these changes will provide the stability necessary to recover from the large inventory shortage and to grow the necessary inventories for future decades.

QUESTIONS SUBMITTED BY SENATOR JOHN GLENN

GI BILL

Senator **GLENN**. Dr. Korb, one of the provisions of the new GI bill prohibits any new participation in the Veterans' Education Assistance Program (VEAP) after July 1, 1985, the effective date of the new GI bill.

This means that an individual entering the Service prior to the effective date of the new GI bill, and therefore ineligible for the new GI bill, will also not be able to sign up for VEAP after July 1, 1985.

Would you favor allowing recruits who come into the Service before the effective date of the new GI bill to sign up for VEAP even after July 1, 1985?

Dr. **KORB**. Yes, in addition to being equitable it would remove the problems the services are now facing in having to notify all VEAP eligibles that they must enroll before 1 July.

Senator **GLENN**. Dr. Korb, the new GI bill requires that new recruits must make a positive election if they don't want to participate in the new GI bill program.

Would you prefer to see this reversed so that a new recruit would have to make a positive election in order to participate?

Are you directing the Services to establish procedures so that new recruits will be fully informed of the choice available to them?

Dr. **KORB**. Yes, in fact because the law reads the way it does we plan to propose a change which will allow the service member more time to make the decision to opt out of the program. Each new recruit in addition to being counseled on the new GI bill will be required to execute a document which states that he fully understands his decision to stay with the program or opt out of it.

Senator **GLENN**. Dr. Korb, the GI bill would not allow the individual's $100 per month contribution to be returned if the individual wanted to drop out of the program.

Your statement referred to potential legal problems with this "no refund" provision.

What are some of these potential legal problems?

Dr. **KORB**. The absence of a refund provision in the new program will cause problems for the Department of Defense. Individuals coming into service are automatically enrolled for the GI bill, unless they elect not to participate. To be eligible to receive the benefit, service members must: 1) meet a minimum time-in-service requirement of 30 months on a 3-year enlistment or 20 months on a 2-year enlistment, except if they are discharged for a service-connected disability or for hardship, 2) receive an honorable discharge and 3) earn a high school diploma during their initial enlistment. These requirements for the new GI bill, which are more stringent than those for VEAP or earlier GI bills, could disqualify more than 50,000 people a year from benefits for which they have made contributions. We could therefore be required, as a result of litigation, to provide administrative discharge boards to examine the reasons for member disqualification. Up to 40,000 new administrative discharge boards could be required each year. This could then cause severe disruption in our discharge process. Currently, when an individual is found to be ineligible for the VEAP benefit, we are not obligated to provide a formal hearing because we can return the member's contribution. Since the member's contribution is also taxable, denial of the benefit creates additional grounds for challenges and litigation.

Thus individuals separated from service for non-adverse reasons lose their entire contribution through no fault of their own. This is in contrast to other programs. For example, individuals convicted of a serious offense against the United States lose their eligibility for retirement pay, but are entitled to have their contributions refunded. (5 U.S.C., Section 8316.)

We believe that Congress should change the law and allow the member a one-time refund.

Senator GLENN. Dr. Korb, the recruiting needs of the services are different. I'm not sure that all of the services need this new GI bill as a recruiting incentive now.

Would you favor legislation limiting this new GI bill to one or two services at the present time?

Dr. KORB. No I would nct favor legislation limiting the new GI bill to one or two services. Education benefits for a peacetime volunteer force should be used as a recruiting and retention tool. In my view, the VEAP program and the Army College Fund were working extremely well. I feel that the costs of such programs should be included in the budgets of the Services and should be included in the Service's consideration of trade-offs. In this way the Services have the flexibility to tailor their education benefits program to their needs. This was the case with the VEAP program. I would favor legislation that would allow us to ask the question, is it worth the cost, and are we able to modify the program based on that answer.

Senator GLENN. Dr. Korb, as you know, the new GI bill also extends benefits beyond the 1989 termination for military members on active duty who are entitled to Vietnam-era GI bill benefits.

This provision applies only to those who have been on active duty continuously since December 31, 1976, the cut-off date for Vietnam-era GI bill benefits.

This means that those members now on active duty who earned Vietnam-era GI bill benefits, left the service, and then came back in, do not qualify for the extension of benefits beyond the 1989 termination date.

Do you think this group of service personnel should be able to use their benefits after 1989? How many personnel do you estimate are in this category, and what would be the cost of extending this benefit to this group?

Dr. KORB. There are approximately 85,000 personnel now on active duty who will be affected by this provision of the new GI bill. Because there is a potential negative effect on retention we are examining this question. The determination of costs associated with the extension of benefits to this group will have to be developed by the Veterans Administration. They are responsible for the payment of this benefit.

NEW GI BILL

Senator GLENN. General Porter, the Army is the only service that will be offering the $400 per month "kicker" along with the new basic GI bill benefit.

What skills will be eligible for this "kicker"?

Will individuals who receive this kicker also be eligible for an enlistment bonus? How large would this enlistment bonus be?

What is the maximum amount of enlistment incentive (GI bill benefits and enlistment bonus) that the army will pay in fiscal year 1986?

How many individuals will receive this maximum amount?

General PORTER. The same skills we offer for our current Army College Fund (ACF) will be offered for the new GI bill with the New Army College Fund. New Army College Fund enlistees are eligible for bonuses of up to $8,000 if their enlistment skill is also an enlistment cash bonus skill. It is possible at this time to receive up to $33,200 ($25,200 ACF and $8,000 cash bonus) for a four year enlistment, but only in two skills. It is projected that these two skills will access less than 1,000 individuals in fiscal year 1986 who could receive the maximum ACF and cash bonus.

Senator GLENN. General Oaks, the Air Force has a long way to go before it faces the same recruiting problems as the other services. In your opinion, what would be the impact of delaying implementation of the new GI bill for the Air Force for a year or two?

General OAKS. Concerning the impact of delaying the new GI bill:

a. We have no way of knowing the impact because we cannot predict the reaction and subsequent behavior of those Air Force applicants who would be affected by such a change. The new GI bill was signed into law on October 19, 1984 to be effective for those entering active duty on or after July 1, 1985.

b. We have approximately 17,000 people now in the Delayed Entry Program (DEP) who are scheduled to come on active duty between now and June 30, 1985. These people are ineligible for the new GI bill. We are in the process of having our recruiters contact and counsel every one of these people to insure they know that if they want to participate, they must sign up for the Veteran's Educational Assistance Program (VEAP) prior to June 30, 1985. The new law prohibits new enrollments in the VEAP after that date.

c. Likewise, recruiters are contacting and counseling each one of more than 15,000 people now in the DEP, who are coming on active duty July 1, 1985 or later, on the new GI bill. These young men and women will have to make their decision to "opt out" or disenroll from participating in the new GI bill within a few days of their arrival at basic military training.

d. Because every day we have people enlisting in the DEP who must be counseled on either the VEAP or the new GI bill, depending on their projected date of entry on active duty, and because of the thousands in the DEP who have already been counseled, one impact of delaying implementation of the new GI bill would be significant turbulence and confusion among recruiters, applicants and parents over just what benefits are available. That kind of uncertainty could lead to an exodus from the DEP and a reluctance of new applicants to "sign up" until the confusion is over. This could have significant cost and readiness impacts manifested in empty training seats and our ability to move sufficient people through the recruiting and training pipeline to our field commanders. We use the word "could" because, as mentioned earlier, we have no way of predicting the behavior of the people who would be affected by such a change.

e. Another group we would be concerned about is the Vietnam Era GI Bill eligibles whose benefits, prior to enactment of the new GI bill, were scheduled to expire December 31, 1989. Without the clause in the new GI bill that allows Vietnam Era GI bill eligibles to participate in the new program, which effectively extends their educational benefits beyond 1989, we would expect some retention problems in the next few years. Many of those in this group would leave the Air Force to use their benefits before the expiration date. They will be placed in a "use it or lose it" situation without some provision to extend their benefits beyond 1989.

f. Taking all this into account, it is the Air Force position that, at this point, we go on with the new GI Bill as the "test" it was designed to be, with the minor changes advocated by all the Services, which we hope will be effected through future legislation.

SECRETARY WEBB AND SERVICE OFFICERS

Senator **Glenn**. What are the principal changes that you think are necessary to the new GI bill that Congress enacted last year?

Reserves

Secretary **Webb**. I personally believe the new GI bill has the potential to tap a recruiting market that has not been effectively reached before. However, as I mentioned in my statement for the record, it is not clear how many of those who avail themselves of the GI bill will enlist for critical skills or for service in priority units. For this reason, I would agree with those who would like to have seen the benefit targeted. As the bill now stands there is one change included in H.R. 886 which makes good sense to me. This change would provide the same maximum entitlement to both full-time and part-time sutdents by providing all eligible members up to 36 months educational assistance or its equivalent in part-time assistance.

Army

General **Porter**. There are six changes that the Army feels are necessary to the GI bill. First, provide for a onetime refund of the member's contributions. These funds are earned income deducted for an educational benefit and if the funds are not used either by choice or by not meeting all eligibility criteria, then they should be refunded. Second, allow Vietnam era eligible members who statutorily cannot meet the three year service requirement to acquire eligibility for the new GI bill. Third, allow Loan Repayment Program (LRP) enlistees to also become eligible for the new GI bill. The LRP is targeted to attract college stopouts, dropouts and associate degree grads who because of limited resources see military service with LRP and the Army College Fund as a means to offset existing and future educational costs. The fourth change is to permit members of the Selected Reserve to pursue a VA approved education program, even though the member may already possess a baccalaureate degree. This ensures consistency with the concept of a Total Force Educational Assistance Program. Fifth, we support spreading out payments to lessen the financial burden on the new soldier as previously mentioned. Finally, the Army favors opening the program to prior service enlistees.

Navy

Rear Admiral **Burkhardt**. A significant portion of the changes we would like to see implemented in the new GI bill are being submitted to the Congress by the Department of Defense. There are, however, two additional changes we would urge the Congress consider. The new law does not allow Vietnam era personnel, now on active duty, to qualify for the new GI bill if they have had broken service anytime between January 1, 1977 and the present. Our best estimate is that we have approximately 15,000 active duty Navy personnel in this category. They are all senior, experienced personnel and we would like to see them positively motivated to remain in service at least until 1 July 1988 and thereby become eligible for the new program.

We are also concerned about a group of approximately 10,000 active duty people who are eligible for Vietnam Era GI bill education benefits. These people earned their Vietnam Era GI bill eligibility because they were in a Delayed Entry Program prior to January 1, 1977, and entered active duty between January 1, 1977 and January 1, 1978. Under existing law, they will not be able to convert because their active duty start date is after December 31, 1976. We need legislative relief to allow these servicemembers the same convertibility options as all other Vietnam Era GI bill eligibles.

Air Force

General **Oaks**. Principal changes recommended for the GI bill are:

a. Allow a one-time refund of members contribution at any time during duration of the entitlement period.

b. Lower the $100 per month deduction of pay for first 12 months and authorize a $60 deduction for 20 months.

c. Provide members who enlist for three or more years, an eight month period to enroll in the new GI bill; for those who enlist for less than three years, the enrollment period should be set at four months.

d. Eliminate the restriction on reservists that limits GI bill use to the undergraduate level.

Marine Corps

General **McMonagle**. The Marine Corps supports the amendment proposed by Representative Montgomery. It is believed that his proposal will provide an improved recruiting environment and maximize utilization of the new educational assistance program. Additionally, we believe other changes are necessary:

a. Change the amount withheld from the basic pay of initial entrants on active duty from $100 per month for 12 months to $60 per month for 20 months.

b. Extend period initial entrants on active duty may elect not to participate in the educational assistance program to eight months from initial entry for those obligating three years or more, and four months from initial entry for all others.

c. Authorize a one-time irrevocable lump-sum withdrawal of all amounts withheld from basic pay. This withdrawal could be made at any time while on active duty, or within 10 years of discharge or release from active duty. The request for withdrawal would be made to the Administrator of Veteran's Affairs. Any person making a withdrawal would thereafter be ineligible to receive educational benefits under the new program.

MANPOWER QUALITY

Senator **Glenn**. General Porter. Last week General Elton told this subcommittee that the Army needed to bring in 59–63% of its recruits in Armed Forces Qualification Test (AFQT) categories I–IIIA over the next few years.

How does this 59–63% I–IIIA requirement compare to the distribution of the 17–21 year old youth population?

How does this 59–63% I–IIIA requirement compare to what you have actually recruited since the beginning of the All Volunteer Force? How many times in the past have you attained this level of recruit quality?

How confident are you of the Army's ability to meet this quality goal over the next five years, given current compensation and recruiting budget levels?

General **Porter**. The Armed Forces Qualification Test is currently normed to the 1980 youth population such that fifty percent of the population falls in categories I–IIIA. The Armed Forces, however, are restricted from enlisting the bottom ten percent of the population by law. In addition, the Army's requirements for category IV personnel are such that only the top fifty percent of the category IV population is allowed to enlist. Therefore, of the population that is able to enlist, 62.5 percent falls in test category I-IIIA. Since the first full year of the All Volunteer Force in fiscal year 1974, the Army has enlisted categories I-IIIA in a range from 52.5 percent in fiscal year 1974 to a low of 26.0 percent in fiscal year 1980 to a high of 63.4 percent in fiscal year 1984. The Army attained the 59–63 percent categories I-IIIA goal in fiscal year 1983 and fiscal year 1984. With the support of the Congress in terms of pay comparability and requested recruiting budgets, the Army projects accomplishment of the 59–63 percent categories I-IIIA goal over the next five years with a high degree of confidence.

RECRUITING PROBLEMS

Senator GLENN. Dr. Korb, there has been a great deal of discussion about the decline in the military age youth population and its impact on recruiting.

Could you outline the precise nature and parameters of this demographic change? In your view how much of an impact will this have on the future recruiting prospects of the military service?

Dr. KORB. The impact of the declining youth cohort on the ability of the Armed Services to recruit volunteers is greatly overstated. It is a fact that the youth population is shrinking. Between 1979 and 1985, the 18-year-old male population dropped by 14 percent and will decline an additional 11 percent through 1992. In a similar manner, the 18 to 24 year-old male population has fallen 6 percent and will drop another 18 percent by 1996. We believe it is important to note, however, that the peak year for the 18-year-old population, 1979, was the worst recruiting year since the inception of the all volunteer concept. Conversely, the Department achieved excellent recruiting results during the period that the youth population declined (1981–1984). One reason for this seemingly contradictory performance is that the new accession requirements of DOD are small relative to the 18 to 24-year-old male population, as demonstrated in the table below.

	DoD Active Force male accession requirements (thousands)	18 to 24 year old male population (thousands)	Accession required as a percent of population
1974	364.2	13,736	2.6
1979	274.0	15,186	1.8
1984	273.7	14,991	1.8
1989	282.0	13,419	2.1
1996 [1]	285.0	11,840	2.4

[1] Year that 18 to 24 year old male population reaches its minimum.

You should also note that even after the available market reaches its minimum, DOD will require a smaller percentage of the available youth population than in 1974, a very successful recruiting year. Our continued success in recruiting, even while the economy has greatly improved, also suggests that some other conditions are mitigating the impact of fewer youth entering the job market. New research soon to be released indicates that the large increase in female participation in the labor market combined with the significant increase in immigrants and older displaced workers have acted to reduce the demand for youth labor. In other words, these groups with little applicable job experience are competing for the same jobs that were formally filled by unskilled youth. It is expected that this economic substitution effect will continue at least into the late 1990's.

This is not to say that the shrinking pool of military-age youth will not make recruiting more difficult. It will, particularly if the economy stays strong. However, we believe we can successfully recruit high quality volunteers as long as we continue to offer competitive pay and provide the Services with adequate resources and incentives to accomplish the difficult recruiting mission.

RECRUITING PROBLEMS

Senator GLENN. Dr. Korb, at the last hearing of this subcommittee we discussed the future recruit quality requirements of each of the military services. Were you involved in establishing these quality requirements? How confident are you in the analytical processes by which the services arrived at these requirements? How confident are you of the services' abililities to meet these quality requirements given current economic and deficit projections? Do you think, for example, that the Army will be able to have 59-63% of its recruits score in Armed Forces Qualification Test (AFQT) categories I-IIIa over the next 5 years?

Dr. Korb. While I was not personally involved in establishing the services' quality requirements, I have reviewed their reports and am confident they did the best they could with a very complex issue. As I have previously indicated, there is no universally accepted and validated methodology to determine accurately the costs/benefits associated with incremental increases in recruit quality. Until we conclude our research to link job performance with enlistment standards, we cannot define quality requirements with any real precision. In light of this, the Services reported their requirements in terms of desired quality rather than absolute minimum requirements. Their quality objectives are based on the quality they believe is needed to provide the substainability and trainability required to staff most effectively their force structure and satisfy future requirements for middle managers and supervisors in the career force.

Our Recruitment Early Warning System (an econometric forecasting model) combines current and projected economic conditions, budgeted recruiting resource levels, and recruiting market factors to produce a 12-month forecast of the supply of eligible recruits. Our latest projections indicate that each of the Services should meet or be very close to their stated quality objectives for FY 1985.

Forecasting beyond this 12-month period requires accurate economic projections. Consequently, any forecast of the Services' ability to achieve their desired quality objectives over the next five years would be highly speculative. I believe that as long as we maintain a competitive compensation package and provide the Services with adequate recruiting resources we can continue to respond effectively to changes in the recruiting environment and satisfy Defense manpower requirements with recruits of acceptable quality.

Senator Wilson. Gentlemen, thank you very much. We have taken a great deal of your time, but, as you can tell from the questions, we are going to be very much concerned with the defense budget overall, and there is great pressure on this subcommittee in particular.

We are more than grateful for your cooperation. Thank you.

[Whereupon, at 5:10 p.m., the subcommittee was adjourned.]

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1986

TUESDAY, MARCH 12, 1985

U.S. Senate,
Subcommittee on Manpower and Personnel,
Committee on Armed Services,
Washington, DC.

MIX OF ACTIVE AND RESERVE FORCES

The subcommittee met in open session pursuant to notice, at 10:02 a.m., in room SR-232A, Russell Senate Office Building, Senator Pete Wilson (chairman) presiding.

Present: Senators Wilson, Thurmond and Glenn.

Staff present: Patrick A. Tucker, counsel; David S. Lyles, professional staff member; Patricia L. Watson, research assistant; Mary J. Kampo, staff assistant.

Also present: Mark J. Albrecht, assistant to Senator Wilson; Allan Cameron, assistant to Senator Denton; Jeffrey B. Subko, assistant to Senator Exon; and Phillip P. Upschulte, assistant to Senator Glenn.

OPENING STATEMENT BY SENATOR PETE WILSON, CHAIRMAN

Senator Wilson. Good morning, ladies and gentlemen.

This hearing of the Manpower and Personnel Subcommittee will come to order.

We are informed by Senator Glenn's staff that he is required to be in two places, as we so often are, and he will be joining us in about 30 minutes when he has completed the responsibilities that are currently detaining him at the Tactical Subcommittee meeting.

We are uncertain as to whether other members will join us. Several are absent in Geneva doing, we hope, good work.

We will proceed.

The subcommittee meets today to conduct its fourth hearing in review of the fiscal year 1986 Department of Defense Authorization request. The subcommittee will next meet at 10 a.m., Tuesday, March 19, for a hearing on military retirement.

Also we are trying to arrange for one additional hearing that has not yet been scheduled, but we are aiming for the afternoon of March 21 as the time when we will consider the proposal by Senator Rudman to reduce the active force structure.

Considering the interest that relates to the subject of retirement and the interest that has been generated by Senator Rudman's proposal, we have decided that it is overambitious to try to combine them in a single hearing.

Today, we will focus on the total force, the question of the appropriate mix of Active and Reserve component personnel and units and on the status of the Reserve components.

There is no question that in recent years the concept of a total force has become a reality. In the Army we have Reserve maneuver battalions and brigades integrated in Active component divisions or separate brigades to fill out the active structure of the active unit in the roundout program.

Those roundout units have resources allocated to them in a manner consistent with the allocation of resources to the parent unit, and they would deploy with their parent unit in the event of mobilization.

In the Navy, we find reserve antisubmarine patrol aircraft flying over 10,000 hours annually in direct support of fleet operational commitments and a heavy reliance upon the Naval Reserve for mission capability in areas such as mine countermeasures, naval construction forces, maritime air patrol, and medical support.

The Marine Corps Reserve provides 100 percent of the Marine Corps' civil affairs capability, 40 percent of its armor, and one-third of the Corps' heavy artillery and antiaircraft missile capability.

In the Air Force, Reserve components stand 24-hour alert to meet strategic offensive refueling requirements, provide almost 75 percent of the continental U.S. air defense force, provide a third of the tactical air forces, and provide nearly 50 percent of the C–141, C–9 and C–5 wartime airlift capability.

We have come a long way in recent years in making appropriate use of the capabilities in the Reserve components. We will continue to do so.

At the same time, I think we have to be cautious and not just assume that more and more missions and equipment can be moved into the Reserve components without having an effect on the Active components. Where there are missions that can be performed by the Reserves for less money, we should actively ensure that such missions are assigned to the Reserve components, but we shouldn't assume that all missions can or should be performed by the Reserves.

We must attain not only the most economical mix of forces, but that mix of forces must have the capability of providing the long-term deterrent and warfighting requirements which our national policies dictates.

We have two panels of witnesses with us today to provide information about the status of the total force, the issue of Active and Reserve forces mix, and the status of the Reserve components.

First, we will hear from and have an opportunity to question Hon. Lawrence J. Korb, the Assistant Secretary of Defense for Manpower, Installations, and Logistics, and from Hon. James H. Webb, Jr., the Assistant Secretary of Defense for Reserve Affairs.

Within the Department of Defense, Assistant Secretary Korb has responsibility for the issues of total force and the Active Reserve mix and Assistant Secretary Webb has responsibility for issues involving the status of the Reserve components.

Then, we will receive testimony from a panel of the right senior military officers who have primary responsibility for direction and management of the seven Reserve components. I will wait to introduce them individually when they are called to testify.

We will hear first from Secretary Korb and then from Secretary Webb.

STATEMENT OF HON. LAWRENCE J. KORB, ASSISTANT SECRETARY OF DEFENSE (MANPOWER, INSTALLATIONS, AND LOGISTICS)

Dr. **Korb.** Thank you, Mr. Chairman, for giving me the opportunity to discuss this very critical subject.

In our view, the total force includes the Active component, the Reserve component, and the civilian component, as well as contractor personnel.

As you mentioned, my office is responsible for policy review and oversight of this total force. We do this in a number of ways. We issue guidance on total force mix in the defense guidance and oversee plans for manpower in the Defense System Acquisition and Review Council, DSARC, and in the Planning, Programming and Budgeting System, PPBS.

Today in accordance with your wishes, I will discuss the Active and Reserve components of our total force.

Over the last 4 years we have made tremendous progress. In fact, I think it has been one of the finest accomplishments of my office in this administration. We have developed a methodology to decide whether a unit should be in the Active or Reserve component. As a result, we have increased the numbers in the reserve dramatically.

We have also expanded the capabilities of the Reserves. As you mentioned, since many Reserve units deploy early, we are giving them our most modern equipment, M-1 tanks, F/A-18's and F-16's. There is no doubt the Guard and Reserve are vital to our defense, they are essential to our warfighting capability and must be used in any future war.

You know, reservists from all services participated in the recent Grenada operation.

If you take a look over the last 4 years, you will see we have increased the Reserve component by 21 percent compared to only 5 percent for the Active component. If one looks at the whole decade, projecting ahead to 1990, you will see we plan to increase the Reserve component by 46 percent compared to only 10 percent for the Active component.

The rate of growth over the decade for the Reserve component is four times the rate for the Active component.

By the end of fiscal 1986 we will have 1,124,000 people in the Reserve component and 2,178,000 people in the Active component. Thus, slightly more than one-third of our uniformed force will be in the Reserve component.

I would argue that given our strategy of forward deployment, you can't vary those numbers significantly.

Let me give you some specifics about our progress.

Last year we submitted a report to the Congress on how we make decisions about the mix of Active and Reserve forces. The decision process is for making marginal changes in a mix of Active and Reserve components and is used each year by the services as they develop their manpower program.

The process consists of four steps.

The first step is to detail what is required of the military unit, what is its wartime mission, response time and peacetime jobs.

The second step is to check two constraints: Forward deployments and legislation.

The process may end at step two if a constraint determines the type of unit. If not, the third step is to develop conceptually both the Active unit and Reserve unit, including any limitation and costs. The Rand Corp. is studying how we can better cost additional Active or Reserve units.

The fourth step is to determine the capability difference between the Active and Reserve units and to choose the most cost effective way to meet the requirements. Each service makes this determination in its own way using analyses, expert opinion, and other techniques for trade-off considerations.

Let me briefly review the progress of each service.

By plan, the Army has significantly increased its Reserve component manpower and left essentially unchanged its active strength.

Between 1987 and 1990 the Army plans no increases in Active component forces.

By 1990 the Army Guard and Reserve will be 52 percent of the Army's military manpower compared to 42 percent in 1980 and 49 percent at the present time.

In terms of equipment, the Army plans to transfer the missions of 12 company and battalion size units from the Active to the Reserve. In 1985 and 1986 the Army will distribute $1.4 billion of new systems in each year to the Reserves. This is a 200-percent increase in constant dollars over the expenditure rate at the time I assumed office.

The Navy is committed to allocating as many tasks to the Reserves as possible in the interests of minimizing growth in the Active force.

By 1990 the Reserves will be 21 percent of the Navy's military manpower compared to 16 percent in 1980 and 19 percent at the present time.

In terms of equipment, over the next 5 years the Navy plans to add further to its Reserve forces. Examples include 2 maritime patrol air master augment units, 2 Lamps Mark I helicopter squadrons, 17 frigates, 1 tank landing ship, 5 jumboized oilers, 3 salvage ships, 6 cargo handling battalions, and 2 construction battalions.

They plan to increase medical support personnel from 9,000 to 22,000.

Like the Navy, the Marine Corps Active and Reserve components have grown since 1980. By 1990 the reserves will be 19 percent of the Marine Corps military manpower compared to 16 percent in 1980 and 18 percent in 1986.

Over the next 5 years the Marine Corps plans to add to its Reserve forces. Examples include one civil affairs group, an air naval gunfire liaison company, a reconnaissance company, a sensor control and management platoon, four antitank (TOW) platoons, and a target acquisition battery.

The Air Force makes force mix changes with the intent to maximize their total warfighting capability and force effectiveness consistent with the threat, while minimizing total defense costs.

Since 1980 both the Air Force active military and Reserve component forces have grown modestly with the Reserves growing slightly more rapidly.

There is in addition to the rapid growth that the Reserves experienced in the decade of the seventies.

By 1990 the Guard and Reserves will be 25 percent of the Air Force military manpower compared to 22 percent in 1980 and 24 percent in 1986.

The Air Force's program calls for still more involvement by the Reserve component in the total force. In 1986, the Air Force will transfer the first C–141's to ANG and AFR, continue C–5 transfers to Reserves, and expand AFR role in logistics and combat support areas.

In summary, we believe we have improved significantly our Reserve and Active component forces since 1980.

We have, in our view, a prudent, well thought out plan for mix decisions.

We plan to improve our ability to both estimate the cost of Active and Reserve recruits and to project the local availability of Reserve units to support new and expanding Reserve units.

We are expanding our analyses to include the civilian components.

We will then be better able to find the most cost-effective way to provide our country with a strong defense.

Thank you.

[The prepared statement of Dr. Korb follows:]

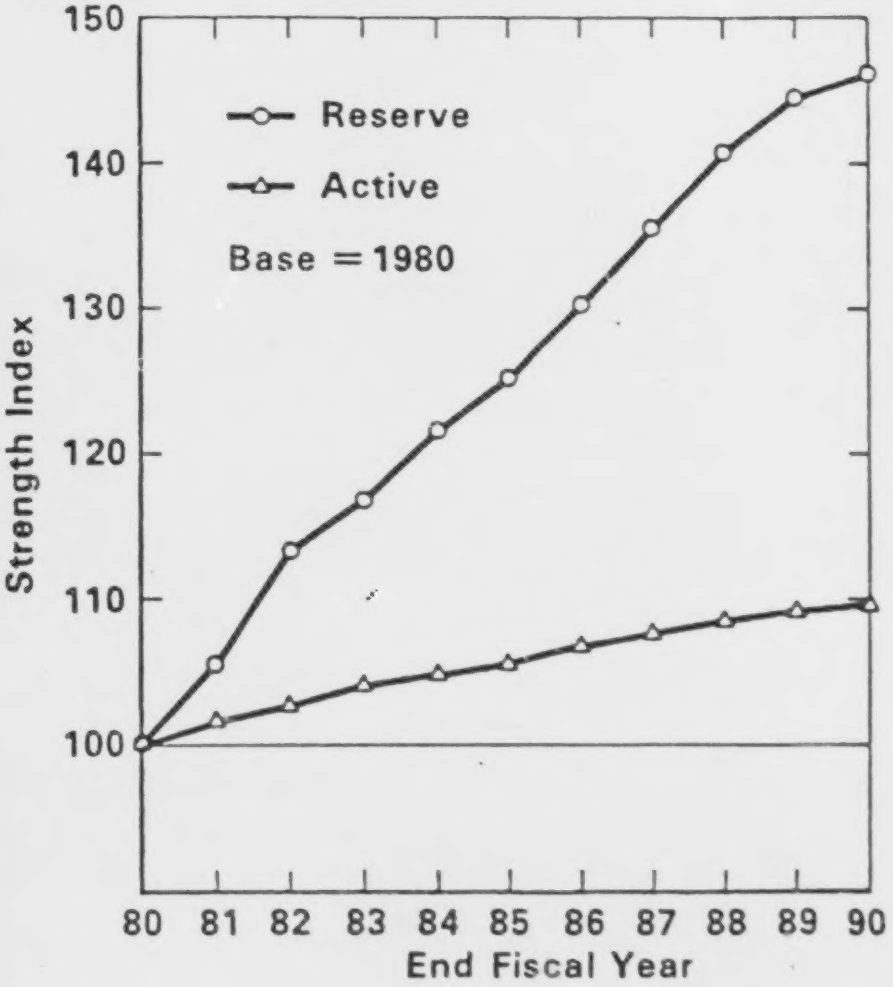
PREPARED STATEMENT BY LAWRENCE J. KORB, ASSISTANT SECRETARY OF DEFENSE (MANPOWER, INSTALLATIONS AND LOGISTICS)

INTRODUCTION

I want to thank you, Mr. Chairman, and the members of the committee for giving me the opportunity to discuss the active and reserve components of our total force. When we talk about the total force, we talk about all the types of people who are involved in the activities of the Department of Defense—the active component, the reserve component, the civilian component, and the many contractor personnel who contribute to our defense. As the Assistant Secretary of Defense for Manpower, Installations, and Logistics, I am responsible for policy review and oversight of the total force. This involves issuing guidance on the mix of active, reserve, and civilian manpower in the Defense Guidance and overseeing manpower planning and programs in our management processes, including in the Defense Systems Acquisition Review Council (DSARC) and Planning, Programming, and Budgeting System (PPBS). Today I will concentrate on only two of the components of the total force: the active and the reserve components.

In the last four years, we have made tremendous progress in integrating the active and reserve components. We have developed a methodology for looking at whether a unit—whether new or existing—should be in the active or the reserve component. As a result of this approach, we have increased the number of people in the reserves significantly. There are many jobs that do not require forward deployments in peacetime that the reserve can do well and at a savings in total cost. In general, reserve component forces cost less than active component forces because of differences in peacetime activity level and amount of new training needed. And, as we have expanded the reserves' responsibilities, we have also expanded their capability. Since many reserve units deploy early, including those that augment active units, we have given some of our most modern equipment directly to some reserve units. For example, the reserve components now operate M1 tanks, and fly both F/A-18s and F-16s. Each year we reexamine look again at the mix of active and reserve forces and work to get the best, most combat-ready and cost-effective mix of active and reserve components.

The reserve component is vital to our defense. The Guard and Reserves provide significant support capability—for example, 70 percent of the Army's combat service support and 35 percent of the Navy's maritime patrol aircraft—and they participate in the maintenance and operations of all major Air Force weapons' systems except certain strategic weapons such as missiles, bombers, and strategic reconnaissance. Because the reserves are totally integrated into the total force, they are essential to our war-fighting capability and they will be used in any future war. They are required to meet our commitments to our allies. In fact, small and sudden as it was, reservists from all services participated in the October 1983 Grenada rescue operation. We have made much progress in both components in the last four years. Figure 1 shows the percentage increase in both the active and reserve component forces since 1980. Note the significant percentage increases in the reserve component compared to the much smaller percentage increase in the active component.



DoD
Active and Reserve Strength Changes

Figure 1.

Using actual strengths for 1980 to 1984, we increased the reserve components by 21 percent and the active component by only 5 percent.

From 1980 to 1990, we plan to increase the reserve component by 46 percent and the active component by just 10 percent.

The rate of growth over the decade for the reserve component is about four times the rate for the active component.

Table 1 shows the number of people in both the active and reserve components since 1980 and our plans for the future.

Using actual strengths for 1980 to 1984, we increased the reserve component by 184,900 people and the active component by 98,200 people.

From 1980 to 1990, we plan to increase the reserve component by 396,600 people, and the active component by 194,000 people.

By the end of 1986, we will have 1,124,100 people in the reserve component and 2,178,100 people in the active component. Thus, slightly more than one-third of our uniformed force will be in the reserve component.

Table 1.—DOD MILITARY STRENGTH AT END FISCAL YEAR

[In thousands]

Selected		
	Active	Reserve
1980 [1]	2,040	861
1981 [1]	2,072	909
1982 [1]	2,097	975
1983	2,123	1,005
1984	2,138	1,046
1985	2,153	1,077
1986	2,178	1,124
1987	2,197	1,168
1988	2,212	1,213
1989	2,226	1,243
1990	2,234	1,258
Percent change (fiscal years):		
1980-84	5	21
1984-90	5	20
1980-90	10	46

[1] Adjusted to be consistent with 1983 and later in counting the Navy's Training and Administration of Reserve (TAR) reservists.

OUR PROGRESS—THE SPECIFICS

Last year we submitted a report to Congress that detailed how we make decisions about the mix of active and reserve forces. I want to summarize briefly the decision process, then look at how it specifically applies in each service. I will also discuss the progress each service has made since 1980 in manning and equipping the Guard and Reserves.

We have designed a process for making marginal changes in the mix of active and reserve components. These changes are considered each year by the services as they develop their manpower programs. The process itself consists of four steps.

The first step is to detail what is required of a military unit: Its wartime mission, its response time, and its peacetime job.

The second step is to check the two constraints: forward deployments and legislation. If the unit must be stationed outside the United States for extended periods in peacetime, the unit must be placed in the active component. If there is legislation that dictates the type of a unit, the unit must be placed in the legislated component. For example, legislation requires the Navy to put 26 frigates in the reserve component by 1990.

The process may end at step 2, if a constraint determines the type of unit. If not, the third step is to develop conceptually both an active unit and a reserve unit to meet the requirement derived in step 1. As part of the development of the units, we note any limitations they would face in carrying out their assignments and the cost. It is difficult to determine the actual cost of an additional active or reserve unit. The Rand Corporation currently is conducting a study for us to improve our ability to make these cost estimates.

The fourth step is to use analyses, expert opinion, and other techniques to determine the capability difference between the active unit and the reserve unit, and to choose the most cost-effective way to meet the requirement. While we cannot precisely predict military capabilities or assess risks, the process allows the key issues to surface and the reasons for decisions to be clearly identified. Each service applies the decision process to fit its own needs; and each year, in the OSD program review, we closely examine the services' progress in the area of active and reserve mix.

At this point, I will review each service's decision process and the progress each has made.

Army

The Army has improved integration of active and reserve component forces through a variety of programs. For example, as reserve units convert to modern designs compatible with active component units, the Army is increasing training with active units through both the CAPSTONE and Roundout programs. Under CAPSTONE, many active and reserve units train together for the very wartime missions they will be performing. In addition to improving training, this greatly increases continuity during the critical transition to war. An example of the planned integrated training is that 31 reserve battalions are scheduled for overseas deployment training in fiscal year 1985 and fiscal year 1986 and 3 reserve maneuver battalions are scheduled at the National Training Center in fiscal year 1986. Under Roundout, reserve battalions and brigades are integrated into active divisions and brigades. The Army's mix of active and reserve component forces is based primarily on the types of missions to be performed and the responsiveness required of the forces.

By plan, the Army has had significant growth in its reserve component manpower and virtually no growth in its active component since 1980.

Between 1980 and 1984, the reserve component increased by 36,200 people, a 24 percent increase while the active component increased by 3,700 people, an increase of less than one percent.

Between 1980 and 1990, the Army plans to increase the reserve component by 267,100 people, a 47 percent increase and to increase the active component by 4,400 people, an increase of less than one percent. Between 1987 and 1990, the Army plans *no* increase in active component forces.

By 1990, the Army Guard and Reserves will be 52 percent of the Army's military manpower compared to 42 percent in 1980 and 49 percent in 1986.

The increased reliance of the Army on reserve components is shown by their early deployment times: 20 percent of U.S. Army Reserve units deploy within 30 days of mobilization, 65 percent within 60 days, and almost all go within 90 days. The increase in reserve component strength has allowed the Army to improve manning within a limited budget.

The Army is increasing the responsibilities and improving the equipment of the reserve component. For example, in fiscal year 1985, the Army plans to transfer the missions of 12 company and battalion-sized units from the active to the reserves. In fiscal year 1985 and fiscal year 1986, the Army will distribute $1.4 billion of new systems to the reserves. This is a 200 percent increase (in constant dollars) over expenditures in 1980. An example of new equipment for the reserves is 17 tank battalion equivalents of new M1/M60A3 equipment in the fiscal year 1986 budget.

Navy

In 1984, the Navy designated a permanent flag officer billet within the plans, policy, and operations directorate of the office of the Chief of Naval Operations to be the total force advocate (OP-64). The Navy's decision process begins with a review of the Navy's maritime strategy. The Navy is committed to allocating as many tasks as possible to the reserves in the interest of minimizing growth in the active forces. The Navy's analyses consider (1) impact on wartime readiness, (2) availability of skilled personnel at the unit's location and (3) cost.

The Navy's active and reserve components have both grown since 1980.

Between 1980 and 1984, the Navy increased the reserve component by 23,600 people, a 24 percent increase and the active component by 47,600 people, a 9 percent increase.

Between 1980 and 1990, the Navy plans to increase the reserve component by 65,200 people, a 67 percent increase and the active component by 96,900 people, a 19 percent increase.

By 1990, the reserves will be 21 percent of the Navy's military manpower, compared to just 16 percent in 1980.

A maritime patrol air master augment unit, a LAMPS Mark I helicopter squadron, and 2 frigates for a total of 9 reserve frigates are examples of some areas where the Navy assigned the reserves additional responsibilities in 1984. Between 1985 and

1990, the Navy plans to add further to its reserve forces: Two additional maritime patrol air master augment units, 2 additional LAMPS Mark I helicopter squadrons, 17 additional frigates, 1 tank landing ship, 5 "jumboized" oilers, 3 salvage ships, 6 cargo handling battalions, and 2 construction battalions will be assigned to the reserve force. The Navy also plans to modernize its reserve force: Two reserve airwings, 8 mine countermeasures ships, and 17 minesweeper/hunters. They plan to increase medical support personnel from 9,000 to 22,000.

Marine Corps

The plans, policies and operations department within the Headquarters, Marine Corps is the total force sponsor. The Marine Corps' analyses consider (1) peacetime commitment and force projections, (2) responsiveness, (3) ability to recruit personnel leaving the active force, (4) rotation base, and (5) cost.

Like the Navy, both the Marine Corps active and reserve component forces have grown since 1980.

Between 1980 and 1984, the Marine Corps increased its reserve component by 5,200 people, a 15 percent increase and its active component by 7,700 people, a 4 percent increase.

Between 1980 and 1990, the Marine Corps plans to increase its reserve component by 12,400 people, a 35 percent increase and its active component by 15,800 people, an 8 percent increase.

By 1990, the reserves will be 19 percent of the Marine Corps' military manpower, compared to 16 percent in 1980.

Between 1985 and 1990, the Marine Corps plans to add one civil affairs group, an air naval gunfire liaison company, a reconnaissance company, a sensor control and management platoon, four anti-tank (TOW) platoons, and a target acquisition battery to the reserve forces. The Marine Corps also plan to introduce the Mark 19 40mm machine guns; the Mark 249 squad automatic weapon, M16 A2, and the M-198, 155mm towed howitzer into the reserves.

Air Force

The Air Force makes force mix changes with the intent to maximize their total warfighting capability and force effectiveness, consistent with the threat, while minimizing total defense costs. When determining component composition and taskings, they determine the mission and force structure decisions on a case-by-case basis using a variety of operational, cost and personnel factors. Specifically, the Air Force considers five criteria when making mix decisions: mission requirements, manpower and personnel, modernization, mobilization and cost.

Since 1980, both the Air Force's active military and reserve component forces have grown modestly with the reserves growing slightly more rapidly. This is in addition to the rapid growth in the reserve component in the 1970s.

Between 1980 and 1984, the Air Force increased its reserve component by 20,100 people or 13 percent while it enhanced the active military component by only 7 percent.

In 1985 and 1986, the Air Force plans to enhance the reserve component by 18 percent and 21 percent respectively.

From 1980 to 1990, the Air Force plans to increase the reserve component by 34 percent and plans only a 14 percent increase for the active component.

By 1990, the reserve component will be 25-percent of the Air Force's space military manpower compared to 22 percent in 1980.

The Air Force plans to increase its reserve component roughly twice as fast as its active component. The Air Force has historically demonstrated a commitment to upgrade, modernize and expand the reserves to meet the growing threat. For example, in recent years the reserve component received modern weapon systems such as F-16s, and A-10s to upgrade combat capability.

The 1986 program calls for still more involvement by the Air Force reserve component in the total force. In 1986, the Air Force will transfer the first C-141s to ANG and AFR, continue C-5 transfers to reserves, and expand AFR role in logistics and combat support areas.

SUMMARY

I believe we have significantly improved our use of the active and reserve component forces since 1980. We have developed a prudent and well thought-out plan for mix decisions that includes both mission transfers and modernization efforts. We plan to continue this progress in fiscal year 1986 and beyond by improving our ability both to estimate the cost of active and reserve units, and to project the local availability of reserve recruits to support new and expanding reserve units. These improvements will enhance greatly our ability to make mix decisions. We are also expanding our analyses to include the civilian component. We will then be better able to find the most cost-effective way to provide our country with a strong defense.

Senator WILSON. Thank you, Secretary Korb.

Secretary Webb?

STATEMENT OF HON. JAMES H. WEBB, JR., ASSISTANT SECRETARY OF DEFENSE (RESERVE AFFAIRS)

Mr. WEBB. Thank you, Mr. Chairman.

I will ask that my statement be placed in the record.

Senator WILSON. It will be made part of the record.

Mr. WEBB. I will make three points orally as we begin today, Mr. Chairman.

First of all, although Secretary Korb correctly indicates that his office is the responsible office within OSD for the evolution and articulation of the force mix policies, our office is a full player in this policy.

We cooperate in the development of defense guidance. We have 26 different teams that participate in the defense guidance development. I sit on the Defense Resources Board which operates not only on plans and budget issues, but also is a forum for discussing force mix.

Also, we have the overview responsibilities with the Reserve components which we do on a daily basis.

Second, as Secretary Korb indicated, there is a force mix methodology. It has been my fear that this has been misunderstood by some commentators. It is a very difficult issue to work on. It is sort of like trying to tune a car not only while it is running, but while it is on the road. It is very difficult to zero-sum strategic situations.

I believe the services and also OSD under Dr. Korb have done excellent work in this area.

Dr. Korb went through a number of the mission areas. One key indicator that I would like also to bring before the subcommittee is the fact that we are putting 8.5 billion dollars' worth of equipment into the Reserve components this year. This rate has been steady over the last several years. We have 4 billion dollars' worth of new procurement and 4.5 billon dollars' worth of good equipment flowing into the Guard and Reserve.

Our office, in participation in the force mix issue; as a general rule supports additional roles and missions for the Guard and Reserve within their ability to develop and maintain warfare and support capabilities.

However, we cannot view our function as either the advocate for determining how much active structure is required or for transferring Active Forces into the Reserve components.

We believe that, in coordination with the Reserve chiefs, we should be the advocate for determining what roles and missions the Guard and Reserve can best perform, what Reserves are required to support these roles and missions and to what extent the Reserves can fill the demand for individuals to meet additional roles and missions.

This advocacy extends to an oversight role, as I have said.

The limitation in the methodology that we have been going through in force mix has been that we are of necessity fine tuning an existing force commitment based on existing strategic perspectives.

The third point I would like to make, Mr. Chairman, is that we believe in the long term that force mix would best be examined, with the participation of Congress and the Department of Defense, under the umbrella of a long-term vision regarding force structure itself rather than continuing over the long term to address process, cost analysis, end strength restrictions, et cetera.

We look forward to participating over the coming years in developing a national strategic perspective which outlines national commitments into the next decade and examines the force structure necessary for these commitments from both a deterrent (heavily Active) and wartime (heavily Guard and Reserve) perspective.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Webb follows:]

PREPARED STATEMENT OF JAMES H. WEBB, JR., ASSISTANT SECRETARY OF DEFENSE (RESERVE AFFAIRS)

Mr. Chairman, Members of the subcommittee, I am grateful for this opportunity to testify on force mix and the contributions of the Guard and Reserve Components to the Nation's Total Force.

The issue of active and reserve force mix is a matter of special interest both in Congress and the Department. The Department believes that the active military should be no larger than is necessary to support national policy, the accompanying military strategy, and our peacetime overseas commitments. As a corollary, the Department's military strategy dictates that certain missions must be performed by military personnel, either active or reserve, because they are trained to perform these missions in time of conflict with an enemy. All other missions become prime candidates for civilian employees.

My remarks are confined to the military segments of the Total Force. However, I would be remiss if I did not acknowledge the significant contribution of the Department of Defense civilian workforce of our Total Force. These dedicated and talented civilian employees provide support to the active and reserve military in a wide variety of functions that are not required to be manned by uniformed personnel. They perform essential functions not only in peacetime, but in areas that will require their continuing efforts after mobilization. They provide maintenance and supply support, assist in daily operation of installations and facilities, provide technical support to research and development efforts and assist in a wide range of activities that contribute directly to readiness.

On the uniformed side, the personnel and units of the seven Reserve Components constitute a first class fighting force that contributes to our worldwide military responsibilities on a daily basis. Army Guard and Reserve, Air Force Guard and Reserve and Navy, Marine Corps and Coast Guard Reserve units are involved in both operational and training missions that range from exercise participation to around-the-clock air defense of the Continental United States and Hawaii on a year-round basis. The willingness and the ability of reservists to respond promptly in times of crisis were demonstrated recently in Grenada and Lebanon and are demonstrated almost daily in the Army and Air Guard's response to domestic disasters and emergencies.

Effective fighting forces are a product of equipment, training, cohesion, leadership, and individual dedication. Under this administration, and with the firm commitment and support of the Congress, we have made vast strides in equipping and modernizing the Guard and Reserve. Much has been done in this regard but, because of past neglect and the increasing reliance on the Reserve Components, much remains to be done in the area of equipage. Using the latest doctrine under simulated combat conditions, National Guard and Reserve training has made a quantum leap forward in the last few years. Opportunities are increasing for reserve forces to train alongside those active component forces they will fight with and support in any future conflict. I am continually impressed with the fact that the reserve units and individuals that I have had the opportunity to visit in the field during major exercises are virtually indistinguishable from their active component comrades in arms.

The Guard and Reserve have significant strengths in the areas of cohesion, leadership, and dedication. Reservists, because of their geographic orientation, tend to stay longer in the same unit, sometimes spending their entire career in just one unit. This helps to improve unit cohesion by creating and strengthening bonds among unit members. Continuity of service also gives both officers and NCO's the opportunity to acquire and hone leadership skills without many of the distractions caused by numerous changes in environment or job position which are necessary in the active force. Guard and Reserve leadership is provided by those same people who are leaders in the community, industry, and government. Thus, Guardsmen and Reservists in military leadership positions have ample opportunity to acquire and practice skills that are common to leadership in any circumstance, military or civilian. And finally reservists, particularly career reservists, are deeply dedicated to their country and the military which they serve. The rewards of Guard and Reserve duty, if measured in terms of dollars, are minimal. On the other hand, the demands of that duty are considerable. For example, periods of annual active duty for training often must coincide with normal vacations in order to maintain a balanced relationship with employers. Furthermore, periods of weekend and evening service, many in a non-paid status, are demanding and time consuming. In addition, these periods are often at the expense of time that others might feel would be better spent attending to family pursuits or business requirements.

The Guard and Reserve constitutes a dedicated, well-led, increasingly better trained and equipped force that contributes to deterrence and, failing deterrence, stands ready to respond to crises. Based on data from this year's budget submittal, I would like to address the force mix actions taking place within the Guard and Reserve.

ARMY

Since the Army must be prepared to respond to a wide range of contingencies with finite resources available, the Army has taken an approach to affordability that places increasing reliance on the Guard and Reserve. Approximately 50 percent of the Army's total force structure and 68 percent of its non-divisional support capability are in the Army reserve components. This increased reliance is made possible by a corresponding increase in Army reserve component end strength of 26,994 in fiscal year 1986 over FY 85 while active Army end strength remains virtually unchanged. In order to make this increased reliance workable, the Army recognizes that a fully integrated, compatible and interoperable force is essential. The Army has several programs to achieve the required integration:

Modernization and Unit Conversions.—In fiscal year 1986, the Army will convert nearly 130 reserve units to Division 86 design. These conversions will allow reserve units to adopt Tables of Organization and Equipment which are fully compatible with active units. Units to be converted include aviation companies, hospitals, engineer companies, artillery battalions and brigades, infantry and armor battalions, chemical companies, cavalry squadrons and regiments, ordnance/ammunition, transportation, supply, and air defense units. The Army will continue to distribute new systems to the reserve components at a cost of approximately $1.4 billion in fiscal year 1986. Approximately 50 percent of this number is new equipment including communication systems, tanks, helicopters, target acquisition radar, automatic data processing systems, and trucks. The balance is redistributed equipment to include much needed items such as: 24 Chaparrel fire units, 56 M60A3 tanks, 30 armored personnel carriers, and more than 35 helicopters of various models.

Training.—Active and Reserve integration in training exercises will continue to be stressed through participation in the Bold Eagle, Gallant Eagle, and Reforger series of Joint Exercises. In fiscal year 86, the Army Guard will send three battalions for field exercises at the National Training Center. Training aids and devices, such as the Multiple Integrated Laser Equipment System (MILES) will continue to be provided to the Guard and Reserve in increasing quantities.

Command Relationships.—The Army's successful CAPSTONE program provides improved continuity in war planning and training. Under CAPSTONE, active and reserve units plan together and train for executing wartime missions together.

Assignment of New Missions.—Additional non-divisional support missions will be transferred to the reserves in fiscal year 1986. As these missions are transferred, additional manpower will be available to the Active component for modernization and improved readiness. The following transfers will occur: 2 chemical companies, 1 medium truck company, 1 company and 1 battalion of engineers, 1 maintenance company, 2 hospitals, 1 intelligence battalion, and 1 supply company.

Roundout Program.—This is a program in which reserve maneuver battalions and brigades are integrated in Active component divisions or separate brigades to fill out the structure of the Active unit. Five reserve brigades and nine battalions will roundout Active units in fiscal year 1986. The Roundout Program improves reserve unit capabilities by allocating resources consistent with those provided the parent Active unit and by establishing closer planning and training relationships.

NAVY

In keeping with congressional guidance on Active/Reserve mix, the Navy's fiscal year 1986 budget submission includes funding for several program initiatives that provide the Naval Reserve with new missions and greater integration with the active forces. Naval Reserve programmed growth of approximately 2,700 full-time personnel in the Training and Administration Reserve (TAR) category and over 10,000 drilling reservists in fiscal year 1986 over fiscal year 1985 will permit the Navy to meet validated wartime requirements in fiscal year 1987 for all Selected Reserve requirements except medical and construction personnel, which will be attained in fiscal year 1988. Expansion of the Naval Reserve is integral to the expansion of the Total Navy since Selected Reserve increases are spread across each element of Naval manpower.

The primary function of the Naval Reserve in peacetime is to man, equip and train for a high state of mission capability upon mobilization. Providing direct support to the active force often fulfills Selected Reserve mobilization and training requirements. With increasing frequency, the Navy uses Selected Reservists to help meet operational commitments. For example, Reserve antisubmarine patrol aircraft fly 10,000 hours annually in direct support of fleet operations in deployed areas and another 5,000 hours from their homeports. Further examples of mission training combined with operational support are found in Naval Reserve units that provide CONUS air logistics support, air tanker services, pre-deployment air combat refresher training, fleet intelligence production, fleet exercise support, ship intermediate level maintenance, cargo handling support, construction support, chaplain and medical support, and security group signal analysis.

In some cases, most or all of a particular Naval mission capability resides in the Naval Reserve. Prime examples of this are U.S. based logistic air transports, light attack and combat search and rescue helicopter squadrons, and Naval Control of Shipping units. In some other mission categories, from one-third to more than three-fourths of the assets available for Navy missions are provided by the Naval Reserve. Cargo handling, mine countermeasures, Military Sealift Command personnel, composite aircraft squadrons, Naval Construction Force (SEABEES), special boat operations, maritime air patrol and medical support personnel are categories in which there is heavy dependence on the Naval Reserve. Only in those warfighting areas which are essentially supporting the Maritime Strategy through extended, forward deployments does the Naval Reserve not represent a significant portion of the Total Navy.

Modernization and Integration.—Within the areas of modernized equipment and greater integration with the active forces the following initiatives are being actively pursued:

The Reserve role in the seagoing and airborne mine countermeasures mission is being increased;

Additional amphibious ships will be transferred to the Naval Reserve, and landing craft air cushion augment units are being established;

The two Naval Air Reserve Carrier Air Wings are being modernized and assigned for mobilization to two aircraft carriers, one of which is in regular overhaul and the other in the Service Life Extension Program (SLEP). (The Wings operational training is conducted at the Naval Air Stations and the operational Fleet in peacetime);

Patrol Squadron Augment Units are being consolidated into Master Augment Units, and P-3C aircraft and weapons systems trainers are being made available for reserve use;

Plans to augment the Navy's new hospital ships with Reserve medical units are ready for execution;

Reserve augment units to support the maintenance and repair of OHIO class submarines are being established;

Equipment and billets in Reserve Naval Construction Force Battalions and Reserve Cargo Handling Battalions will be increased;

The Reserve Maritime Patrol Air Squadrons are being modernized through TACNAVMOD and other upgrading programs;

The number of Reserve LAMPS MK-1 antisubmarine warfare helicopter squadrons is being increased to support the frigates as they are assigned to the Naval Reserve Force;

Naval Air Reserve Organic Transport squadrons will have their number of C-9B/DC-9 aircraft increased;

The number of Salvage ships in the Naval Reserve Force will be doubled;

Mobile Inshore Undersea Warfare units will be modernized and increased in number; and

Two Reserve augmentation units to support carrier-onboard delivery aircraft will be established to coincide with C-2A procurement.

The table below is a synopsis of the ship types and numbers planned for the Naval Reserve through FY 86.

NAVAL RESERVE FORCE—SHIPS

	Fiscal year			
	1983	1984	1985	1986
DD (Destroyer)	3	1	1	1
FF/FFG (Frigate)	6/0	6/3	6/5	6/9
MSO (MineSweeper-Ocean)	18	18	18	17
MCM (MineCounterMeasure)	0	0	0	0
MSH (MineSweeperHunter)	0	0	0	0
LST (Tank Landing Ship)	2	2	2	2
ATF (Fleet Tug)	4	4	0	0
ARS (Repair Ship)	2	2	2	4
Total	35	36	34	39

Training.—The Navy takes advantage of opportunities to promote Active/Reserve integration and mutual support through training. Among the many examples of this in the last year are the following:

Virtually all ship augment unit personnel performed periods of active duty for training and weekend away training with gaining commands or on similar type and class ships with emphasis on currency with fleet operations;

Shore Intermediate Maintenance Activity Reserve units provided over 118,000 man-days in direct support of ships overhaul and rework projects;

Selected Reserve physicians provided over 8,100 mandays of health care in Navy medical treatment facilities and Naval Reserve chaplains provided over 3,400 mandays to active units;

Naval Reserve Security Groups provided 37,000 mandays in support of the national cryptologic effort;

Naval Reserve Staff Augmentation units stood watches at various command and control centers within the Office of the Chief of Naval Operations, and Fleet Commands and Type command Headquarters;

Reserve Naval Construction battalions contributed over 20,000 mandays in rehabilitation projects in the continental United States and overseas;

Reservists from sixteen Readiness Commands provided 10,000 mandays to the battleship New Jersey;

Mobile Inshore Undersea Warfare Unit personnel provided antiterrorist protection through underwater surveillance at the 1984 Olympics in Los Angeles;

Fleet exercises received 94,000 mandays of service from surface warfare Naval Reservists;

Reserve patrol squadrons flew 46 weeks of support from advanced bases at Lajes, Azores, and Misawa, Japan;

Reserve transport squadrons continued to furnish the entire continental United States with logistics airlift for the Navy and augmented airlift in the Mediterranean. Reserve C-9B aircraft supported deployed battlegroups and provided pathfinder services and trail maintenance to Navy and Marine Corps tactical aircraft squadrons;

Reserve utility squadrons supported fleet units with over 6,000 hours in dissimilar air combat maneuvering, air intercept, radar tracking, and aggressor roles in Fleet Exercises; and

The Submarine Reserve Force's 84 units provided direct personnel support to 12 submarine tenders, 3 submarine rescue ships, 4 drydocks, 5 submarine bases, and Shore Intermediate Maintenance Activities.

MARINE CORPS

The Marine Corps Reserve provides a capability for rapid expansion of the force during a national emergency. Today's Marine Corps Reserve is an integral partner in the Total Marine Corps, providing substantial peacetime contributions, as well as wartime capabilities. The Selected Marine Corps Reserve units form a Division, Aircraft Wing, and Force Service Support Group which, when called upon, will contribute a broad range of combat, combat support, and combat service support assets. Also included within the Selected Marine Corps Reserve are individuals who are not members of units but are preassigned to mobilization billets which must be filled on, or shortly after, mobilization.

The Marine Corps Reserve employment roles are to augment and reinforce the active forces, and to provide a Marine Amphibious Brigade or a reconstituted fourth division, wing, and force service support group. Generally, Marine Corps Reserve units are mirror images of their active counterparts with structure and equipment similar to that found in the active component, thus enhancing the Marine Corps Reserve's augmentation and reinforcement capabilities. Examples of significant Marine Corps functions found in the Selected Reserve include 100 percent of the Marine Corps civil affairs capability, 67 percent of the force reconnaissance assets, 40 percent of the armor, 33 percent of the heavy artillery and anti-aircraft missile capability, and 30 percent of the light-attack aviation.

The Marine Corps continuous review of Total Force requirements has produced plans for increasing the reserve structure. In FY 86, the Corps will continue to reorganize reserve infantry battalions in order to make them identical to their active counterparts. Additionally, combat capability in FY 86 will be increased by the addition or modification of several units. The Corps will increase the firepower of the reserve artillery as direct support battalions reorganize to receive the M198 Howitzer. Fiscal year 1986 Selected Reserve manpower will increase by 1,262 spaces to support the artillery reorganization and to man a new reconnaissance company, a civil affairs group, a sensor control and management platoon, and an air/ground gunfire liaison company.

The Marine Corps Reserve will also receive four TOW platoons in fiscal year 1987. Of the four platoons, one completes the anti-tank company with the 4th Tank battalion, while each of the others enhance an infantry regiment with improved anti-tank capability. Finally, the Marine Corps Reserve Artillery will acquire and activate, for the first time, a target acquisition battery in fiscal year 1988.

Increases in Marine Corps Reserve combat service support in fiscal year 1986 include the addition of two salvage platoons, a bridge platoon, a dental battalion, three medical companies, and a medical logistic company. Medical and dental personnel will come from the Naval Reserve. Modernization within Marine Corps reserve aviation continues to be of the utmost importance. The Marine Corps has developed a long range aviation master plan which responds to the need to upgrade aircraft models and the requirement to address shortages primarily in the Reserve KC-130 tanker fleet and the AH-1 helicopter fleet.

Realizing that manpower and equipment are only a portion of the readiness equation, the Marine Corps views mission training as the linkage between resources and capabilities that provides the means of transforming the individual Marine and his unit into combat power. Mission capability as a result of training is routinely evaluated in a series of "no-notice" mobilization tests that ensure capabilities are maintained. Last year, 25,000 Marine reservists trained in exercises around the world, usually with their active Marine counterparts. Significant examples of the Marine Corps' Total Force training follow:

A Marine Corps Reserve squadron from Dallas, Texas, was designated as the Marine Corps' Fighter Squadron of the Year based on competition with all other active and reserve squadrons;

The first brigade-sized Reserve amphibious landing since the Korean War was conducted in August of 1984. This landing exercise was called Phalanx Sound II and involved more than 7,000 Marine Corps Reservists in 86 company or battery and squadron sized units or larger from 82 cities in 33 states;

Two Reserve battalion-size, air-ground training exercises, including live-fire events, were conducted at the Marine Corps Air-Ground Combat Center, Twentynine Palms, California; and

A battalion level mountain and cold weather exercise was conducted at the Mountain Warfare Training Center, Bridgeport, California.

AIR FORCE

The Air National Guard and Air Force Reserve are an integral part of the Total Air Force. Many operational as well as training functions have been successfully transferred to the Air Reserve Force. An examination of the various Air Force mission categories clearly indicates the extent of integration and the degree to which the Air National Guard and Air Force Reserve contribute to the Total Force.

Strategic Offensive Forces.—Air Reserve Force Strategic Offensive forces consist of 104 KC-135 aircraft in the Air National Guard and 24 in Air Force Reserve. The Air Force has successfully used the reserve components to meet strategic offensive refueling requirements despite the fact that certain portions of these units must stand 24 hour alert at all times. Air Reserve Force tanker units are operationally capable and meet the demands of the strategic flying units they support.

Strategic Defense Forces.—The air defense fighter mission is well suited to the reserve components because of its in-place wartime role of defending the Continental United States and Hawaii. For almost 30 years, Air National Guard units have performed air defense alert in the United States and now provide 73 percent of the CONUS air defense force.

Tactical Air Forces.—The Air Force Reserve associate tanker force will be further expanded and will contribute half of the aircrews for the KC-10 as these new aircraft are delivered to the Air Force. The Air National Guard has now assumed over half the total forces in tactical reconnaissance. From a historical perspective, since 1972 active and Air Reserve Force tactical fighter forces have shared in the growth from approximately 32 tactical fighter wing equivalents to the current 36. The Air Reserve Force has increased from 10 wing equivalents to 12.2. During that time they have received F-4, A-7, A-10, and recently, F-16 aircraft, as the older, less capable F-105, F-104, and F-100 aircraft have been retired. The Air Reserve Force provides one-third of the Tactical Air Forces which stand ready for a responsive surge of military capability during a national crisis.

Airlift Forces.—In fiscal year 1986, the Air Force will complete the transfer of five C-5 aircraft from the active force to Air Force Reserve and three to the the Air National Guard. Currently, plans for transfer of 36 additional C-5s are being developed to provide a measured, near simultaneous active/reserve expansion as the Air Force takes delivery of 50 C-5Bs by fiscal year 1989. In fiscal year 1986 the Air National Guard will replace nine C-130As with the H model. The Air National Guard will have 18 C-130 units and the Air Force Reserve will have 14 units. The Air Force Reserve associate units continue to provide nearly 50 percent of C-141, C-9, and C-5 wartime airlift capability. In addition to operating and maintaining airlift aircraft, the Air Reserve Force provides substantial capabilities in aeromedical evacuation, rescue and recovery, aerial port, and weather reconnaissance.

The Military Airlift Command has led the way in implementing Total Force policy. Integration of Military Airlift Command gained Reserve and Guard units is best demonstrated in the associate units where reserve and active crews are used interchangeably and, in some cases, a single aircrew may contain a mix of active and reserve members. Since March 1968 the close relationship of the reserve and its associated active wing has provided a rapid response capability to a variety of increased activity levels. The requirement for airlift forces to surge to levels of activity many times greater than the peacetime flying requirement makes a significant reserve contribution desirable.

The Air Reserve Force's strength will increase in fiscal year 1986 to support modernization and force structure changes. The Air Force Reserve programmed end strength increases by 2,571 in fiscal year 1986. This increase includes support for the first totally Reserve owned C-141 and C-5 units plus additional KC-10 associate aircrews and maintenance personnel. Additionally, significant increases of aerial port personnel supporting wartime surge requirements for the growing strategic airlift force and civil engineering authorizations are required to redress wartime shortfalls.

Air National Guard strength in fiscal year 1986 will increase by 3,169 which includes 2,369 drilling Guardsmen and 800 full-time personnel. Drilling Guardsmen are required to support increased flying hours for the conversion of a C-130 unit to C-141s, establishment of two civil engineering units, an increased Air Base Defense mission and increases in aerial port, aeromedical evacuation, and tactical control units. The full time support personnel increases support additional aircraft at the training units, increased aircraft maintenance requirements, and the workload requirements generated by application of manpower standards to new missions and equipment.

The integration of the Air Reserve Forces in various categories of operational units from strategic through airlift/mobility forces has direct application in the training arena. Air National Guard and Air Force Reserve units participate fully and routinely with active Air Force units in Red Flag Exercises, Deployment Exercises, and Operational Readiness Inspections. In each of these activities, Air Reserve Force unit performance is evaluated on the same basis, and standard as active units.

SUMMARY

My office has continued to participate fully within DOD in the continuing debate over force mix. It is my belief that this issue, which has become one of the key questions not only inside the Department of Defense but also in the Congress and among outside commentators, would be best examined under the umbrella of a long-term vision regarding force structure itself. Force mix is too often addressed from the viewpoint of "process"—cost analysis, end-strength restrictions, and case-by-case pressures to find appropriate functions for the Guard and Reserve. What is needed is a national strategic perspective which outlines national commitments into the next decade and examines the force structure necessary to these commitments from both a deterrent (heavily active) and wartime (heavily Guard and Reserve) perspective. The Department could then make decisions regarding the Active/Reserve force structure with a greater assurance that they will fit into the national strategic posture.

Over the coming year, my office will continue to work with other offices in the Department of Defense toward the goal of such a long-term view of force structure. Such analysis can only be undertaken through close coordination with all other DOD representatives and under the leadership of the Secretary of Defense, and with the guidance of the Congress.

Senator **Wilson**. Thank you very much, Secretary Webb.

FORCE MIX

Dr. Korb, during the past several years Congress has often denied the Department's requested Active duty growth and at the same time suggested larger than requested growth in Reserve, urging that missions be transferred from the Active component to the Reserve component.

Often the claim was made that the missions could be performed for less money by the Reserves. You touched briefly on this in your statement. But as I indicated in my statement, I am concerned that perhaps we have claimed that the Reserves can perform the missions more cheaply without realizing or without adequately examining, at least, the reason for that. Maybe they are performing the mission at a lower level of intensity than the Active components?

Is there hard evidence to support the claim that Reserves can perform missions for less cost if they are in fact required to perform at the same level of intensity as that of the Active components?

Dr. **Korb**. Mr. Chairman, there are no free lunches. When this issue first burst forth 2 years ago, there were a lot of claims made along the lines you suggest.

If you take, for example, an air defense unit and you want the Active and Reserve both to fly the same number of hours and stand the same number of alerts, the cost differential narrows as the Reserves perform at the same level as the active.

The cost differential is one of the things we have been working on with the Rand Corp. We want to see where the break point is. By and large, as a general proposition, if you want the same level of activity, it costs you the same amount of money. Although, it comes out of different pots of money in many cases.

As you know, we break the programming in the defense budget into program categories, including one for Guard and Reserve. But, we have to take into account that there are costs in other program categories that also contribute to the Guard and Reserve. For example, if you have a Reserve unit going out on a weekend and they get intelligence that was generated by Active people during the week, we should include the cost of the intelligence in the total cost of the Reserve's unit. However, you have to be very careful about what costs you include.

The short answer to your question is the same level of activity is going to cost you the same amount of money.

Senator WILSON. Secretary Webb, would you like to respond to the same point?

Mr. WEBB. I would agree, Mr. Chairman. I think the question is one of tempo. That is a key element in force mix decisions, finding missions that do not require the high tempo of the Active Forces and at the same time do not affect the rotational needs of the deployed Active Forces.

Senator WILSON. Even though Congress provides the impetus for cost reasons or at least cost wishes, do you think that we have exhausted the possibilities for reassignment and allocation of lesser tempo activities in the Reserves or do you think we may have in some instances gone too far?

The thesis you are announcing is a very sensible one. Why don't you provide the specifics as to areas where you think we may continue to do that with some profit and no peril to the national security mission?

If you think we have gone a little bit far in some, I would be interested in hearing that as well.

So that the next panel of witnesses can be making use of the time, and I will be asking a similar question of you, you may be thinking of some examples.

Mr. WEBB. I think you have to begin with the force structure of the Active Force and the military commitments that are presently being made in support of our national strategy.

Before you put any mission in the Reserve components, you have to examine not only tempo, but, as I said, the rotation ability of the Active Forces. We have 43 percent of our Army overseas at any given time. We have a 560-ship Navy, approximately, at the same operating tempo that it was when I was commissioned in 1968 and we had a 930-ship Navy.

We have 40 percent of our tactical air squadrons deployed in Europe, the Active squadrons. The Marine Corps tempo in support of the sea service concept is so high that—to give you one example, I was in Beirut covering the First Battalion 8th Marines for the "McNeil-Lehrer News Hour." After I came back I wanted to visit the marines that had been involved when the building blew up.

Six months after they got back I went to Camp Lejeune. They had already refurbished and redeployed. I believe that needs to be said before we talk about restructuring the missions.

That being said, if we were to require that the present force structure exists, you are running into problems when you start shifting any more missions. I think this is particularly true in the sea services because the operating tempo is so extreme.

In the long term, with different adjustments, I would think that you could put more missions into the Air Reserve Forces without affecting the deployment ability of our Active Forces and, also in the long term, perhaps in the ground combat units if we were able to make the proper adjustments in NATO. This is very long term that I am talking about.

The one area that I see a specific problem is on the naval side. The view of the Navy, and I think it is supported because of the operating tempo and the small number of ships, is that they are on the verge of being saturated. You see that in the supply and cargo handling functions, where we are reaching an anomaly. We may have to send cargo-handling battalions out to Diego Garcia in order to work with the prepositioned ship structure we have.

That is my quick response to your question.

Senator **Wilson**. Following on that, there are, roughly speaking, two functions being performed now, whether it be by the Active or the Reserve components.

ACTIVE OPERATIONAL MISSION

One is an Active operational mission, the other is a training mission. Clearly there is a great training value to the kinds of things that are being done really because of present security requirements, antisubmarine patrol being an obvious example, but only one of many.

The thought has occurred obviously this year as in past years when we are faced with the same pressures, but suffering a greater intensity even than before that this question of tempo is particularly relevant to the possibility of questions that have to do with end strength.

I think one of the things that we need to know is if we are compelled to do so, can we make adjustments in training that clearly will not enhance readiness, but will not threaten it too greatly, distinguishing those activities from the activities that really cannot be reduced without seriously impairing performance of presently existing security needs?

I gather that you spend a good deal of your time, both of you, asking that question and trying to project not only the ideal but incremental stages, down from the ideal, that you may be compelled to live with.

You would probably cast it in other terms, but I think you get my point. You have heard me ask this question in different ways. The most layman type of question, I guess, would be if you were compelled to cut and were compelled to reduce defense spending by making manpower adjustments, then what does that pose in terms of the Reserve Force activities and even Active Force activities that relate to training?

I know what it poses. You need not give me the examples, but have you actually specified what this reduction in dollars is going to mean by working with your service chiefs and reduced tempos?

Mr. **Webb**. I want to make sure I understand your question, Senator. When you say cuts in manpower in a budget, are you speaking of cutting force levels, manpower levels, or are you cutting benefit levels of the existing manpower?

Senator Wilson. I am talking about both really, but I am talking first about force levels.

In other words, if we are working at doing some things that we really don't want to do but may be compelled to do, then what does it do if we have to cut force levels in terms of those two roughly distinguishable functions, pure training and the absolute requirement?

Mr. Webb. I don't think there is any question that one of the key improvements that we have been able to make in the Reserve component, which precedes me obviously, but over the last 4 years, has been in the area of training.

If we are going to rely on a volunteer system and Reserve Force structure being able to immediately deploy as they are, then many of these training functions, as you mention, are actually real World missions they are performing. They have become intertwined since the total force concept began. If we are going to rely on the force structure, I believe we have to fund it.

We have nothing to fall back on, in terms of our ability to rely on a manpower surge if we were to be required to mobilize, other than the Reserve components. I believe the last 4 years have been very good in the area of funding operations and maintenance for training.

A good example is the most recent Reforger operation where 21.5 percent of the units that went over were Reserve component units. We have programmed this participation to increase. Next year more than 40 percent of the units will be Reserve units. I would submit, if we were to alter this ramp that we have developed, we would markedly affect our ability to defend ourselves.

Senator Wilson. Secretary Korb?

Dr. Korb. This is the problem that we face in anything that we do. The less money you spend, the less ready and the less capable you are going to be, and you increase the risks. Any changes we make we should make in a balanced manner.

The area that concerns me the greatest is the fact that over the last couple of years we have not gotten the increases in the active duty Navy manpower that goes along with the decisions we made in the early part of this decade to increase the size of the Navy. As the new ships come on line we need to man them or we cannot keep up our planned operating tempo.

As Secretary Webb pointed out, we will maintain that tempo. The Navy has tried to cut back on it several times, but the National Command Authority and other high-level decisionmakers have not allowed them to do that. In fact, they have told the Navy to increase the tempo in many cases: Those are not duties that can be performed by the Reserves. If you take a look at what we requested and what we received in active duty manpower in the last couple of years, the Navy has been particularly hard hit.

If we don't cut back on our commitments, and there are a few marginal things that you might be able to do in the Reserves, not a great deal, you are going to be faced with having ships that are not manned fully. Or you must short the shore establishment and that could begin to cause you lots of retention problems because people will be at sea longer. You won't have the rotation base you need to offset the sea duty.

Then we may find ourselves saving a few dollars by not giving the active duty pay increases. But then we would have to increase bonuses to keep the people in because we have put such a heavy demand on them.

I think whatever we do in the defense area we must do in a balanced way. We as a Department should not come over and say, well, Reserve manpower is easy to get from Congress; therefore, we should ask for it. We should present our program in a way that we feel makes the best sense. If we get the Reserves and don't get the Active, of course, we have to adjust to the extent we can. That is basically what has happened in the last couple of years. Active duty requests have been cut back significantly and our Reserve requests, even though they were larger than the Active requests, have been increased by Congress. We have that particular force and we do the best we can with it.

Senator **Wilson**. If we have to make budget reductions resulting in force structure reductions, as is proposed now in the Rudman proposal and some others, you are saying then when you emphasize balance, that we should be looking to reduce both the Active structure and the Reserve structure.

Dr. **Korb**. We talk about force structure. That has a particular meaning. When people talk about cutting force structure, what they mean rather than having X many divisions or Y many air wings that are not completely full, let us cut back the numbers so that the ones we have are fully manned. Of course, Secretary Weinberger has testified on this several times since he has been in office that a fully manned force structure would be his preference because if we don't, we go back to what General Meyer called the "hollow Army" and then you really begin to cause yourself lots of problems.

My view is that if this country decides it cannot afford or does not want to pay for the number of Navy or Air Forces, whatever they decide on, we ought to go back to a smaller number, but have it really up to speed--have all the equipment it needs, all the people it needs. Because you are only fooling yourself if you have a hollow structure on top and you don't have it full underneath.

Senator **Wilson**. In terms of surge capability, you think that makes more sense than having the larger number of units at a lesser manning level?

Dr. **Korb**. Yes, I do.

Senator **Wilson**. Would you agree with that, Secretary Webb?

Mr. **Webb**. I guess it would depend on how large the cuts were, Mr. Chairman.

If the Senate and the Congress were to decide to reduce the strength of the military force—the Active duty military force is not even half the size of the Soviet active military force, and I use them simply because they are comparable in their missions around the world—force structure is important as far as the commitment of the national will, the units you have deployed, the structure that is there.

On the one hand, you want your units to be filled. We have been working very hard on the Reserve components to ensure that we are going to have above an 85 percent level of people in these units that are MOS trained, ready to go.

On the other hand, if we were to start reducing force structure to the point that we ended up looking like the British structure, which sort of disappeared once they went into a nondraft concept, it would be very hard to reinvigorate those units if we had to deploy them.

It really depends on how large the cuts will be.

BENEFITS

Senator **Wilson**. Let us shift attention now to the benefits. Let me ask both of you if the Department's request for reservists serving on full-time duty in support of Reserves were granted, there would be almost 75,000 personnel in that status.

For purposes of pay, allowances, and other benefits these people are indistinguishable from persons on active duty. They receive basic pay, BAS, BAQ, VHA, all the other normal pay and allowances. Yet the time they spend on full-time duty counts toward retirement; in fact, if they serve long enough in that status, they can even qualify for full military retirement after 20 years.

At the same time they are not subject to many of the hardships of active duty which are justification for the full range of military benefits that are given to the Active.

So, since these people who are serving with their Guard or Reserve units are doing so usually near their homes, and don't have to move into, as one example, high-cost areas, yet they get VHA, they are not required to pick up their families and move every 3 or 4 years, they are not required to serve overseas in isolated assignments; therefore, how do we justify providing the people in this status the same compensation and benefits that we are providing to those on active duty?

Mr. **Webb**. It would be illuminating to hear the responses of the Chiefs on that question.

Senator **Wilson**. That is another one they can be thinking about.

Mr. **Webb**. The AGR force, at any one time, has significant numbers of its people by design involved in alert activities, overseas exercises, advanced training, and other activities in order to ensure that they are cross-fertilized. They have people doing staff work. I have AGR's on my staff in the Pentagon.

So, there is a rotational base among them. I would agree with you it is not the same sort of thing across the board that you have in the Actives, but the AGR's, as opposed to the technicians do have professional mobility and a number of rotational assignments.

I issue that as a caveat to what I heard in your question. At the same time, I would say if it were demonstrated that this were true, then it would be something to examine on a management level.

Senator **Wilson**. Secretary Korb?

Dr. **Korb**. I think it gets back to the question you asked before, the question of cost. As we increase the percentage of full-time people in the Reserves, the cost differential obviously goes down.

You've pointed out one of the inequities in the pay system. If I were designing the pay system over from scratch, I wouldn't have the same pay system for Active or anybody else. Our pay system our compensation system I should say, evolved over hundreds of years.

When people started the full-time Reserve program, nobody realized it would grow this big. Nobody ever really thought we would go to a total force until Secretary Laird instituted it about a decade ago. Then, of course, we didn't realize how many full-time Reserve people we would have. So, people just did not think about it when they set it up.

The problem is now that we have these people in the Reserves and they have made lifetime career decisions based upon the current compensation system. How do you change it?

I know when I go around the country, in many areas people complain about the pay of technicians as opposed to AGR's and other differences. A lot has happened in the last couple years that has created a lot of confusion and consternation out in the field.

I would support Secretary Webb's point that maybe we ought to sit down and take a look at the compensation system in this direction and develop a compensation plan over the long term that would not adversely affect people who have already made commitments on that basis.

As you know, I have testified before on this subject. I would prefer that the Congress leave to the Department the way in which to get the full-time people in the Reserves. As it is now, we end up with floors and ceilings on technicians and different things and we have to sort of make do the best we can.

Senator WILSON. Let me ask this one final question of Secretary Webb. I~~t is the on~~e I asked you to ruminate about overnight.

FUNDING FOR NEW GI BILL

That is the question as to preference of how you would allocate benefits? I asked you the question as to how Reserve components would prefer to utilize the funding that is now required to be used for the new GI bill?

The Reserve components have had to budget almost $100 million in fiscal year 1986 to pay the entitlements under the new GI bill. If the Reserve components were free to use these funds for recruiting and retention purposes, would they prefer to use them to pay an across-the-board educational entitlement like the ones in the GI bill or would those funds be used in some more targeted way?

Mr. WEBB. Mr. Chairman, after considerable thought—I would not presume to speak for each of the Reserve components; it would be interesting to get their opinion—my personal view, as I said yesterday, is that in the Reserve areas the GI bill has the potential to tap a recruiting market that has not been reached before.

As I mentioned yesterday, fewer than 10 percent of enlisted people in the Reserve components have any college experience. You may be able to reach an individual who is nonprior service who is not inclined to go on active duty and leave his or her home environment.

So, I believe that this 3-year experiment is a good experiment. That being said, however, I do agree with those who would like to have seen that benefit targeted. I think it might give you a better way to measure whether or not the GI bill is bringing people in.

One caution I would have is that you would not want to target the same MOS' or units that you are targeting with the other incentive packages. You would want it to be something different.

For instance, I have a preference in my heart, I guess, for the infantry type who never gets any attention at all. It would be nice to have some college-oriented enlisted people in the infantry environment.

The 6-year obligation that a GI bill brings would provide some stability in those areas where there is pretty high attrition.

Senator WILSON. Thank you.

Now I will be happy to yield to my distinguished colleague, the ranking member, Senator Glenn, for whatever statement he may wish to make.

Senator GLENN. I do have a statement I will enter into the record. I am sorry I wasn't here when you started out. Let me read it. It is very short.

The purpose we are having these hearings, to get down to the basics, as we face this question of whether to transfer more missions to the Reserves, I think we have to answer a very basic question: How capable are the Reserve components in carrying out the mission that they have already been given?

We run the risk of widening the gap between our national military commitments and our military capability.

In giving more missions to the Reserve, we want to make sure they are capable of carrying out the missions they have now. The numbers that we put on all these columns, numbers in the Reserves, and so on, numbers on the board, mean something only if they can fully perform the mission.

I am glad that we are having this hearing on the balances. I was particularly interested in the line of questions that you had Mr. Chairman, and I think it was very good to bring this up about the full-time manning. I want to followup on that just a little bit.

Secretary Korb, you indicated that we don't want to break faith with these people who have made, as you put it, lifetime career decisions. I agree with that completely. But I think the question is not that.

The question is that we have seen a growth of full-time manning and greater dependency on it for some requirements. The question is: Do we stop that growth and/or reduce it?

You also stated you would like to leave this to the service. As I see it, if we leave it to the service, that means an automatic expansion of it rather than contraction of it. What we have seen is expansion up to now. We are going up to about 75,000 people in this category.

I have the same concern that the chairman was talking about a minute ago. It is nice to have a military career and never leave home. I know that does not happen in most of these cases, but that is the situation that is set up.

You don't go overseas, you don't go anywhere unless a national emergency is declared that requires mobilization of the Reserves. Then you can be sent anywhere the military goes, of course.

I don't know, I am a little concerned about getting all the same benefits, all the same everything, and being able to in effect live at home or live in one spot maybe your whole career. It is possible to do that, I guess, and get the same benefits. That is a pretty neat deal.

Dr. KORB Let me elaborate, if I can, on the statement I made.

When I said leave it to the services, I meant the mix within whatever total number of people we are given. Let the department decide whether they should be full-time civilians or full-time military people.

What has happened in the past is that within that total number there have been floors put on as far as the number of technicians. That is my point.

I did not mean to say that Congress should not look at the number. I just think it is important to keep in mind what has happened.

The Air Force has always had about 25 percent full-time Reserve people, not all military, some are technicians. They have been judged to be the best or the most capable Reserve component in terms of being able to deploy rapidly. For example look at their record. We had a limited Reserve call up in 1968 after the *Pueblo* incident. The Air Force Reserve component was able to put forces into Vietnam very, very quickly as compared to the Navy Reserve, and I happened to be a member of the Navy Reserve at the time.

One of the reasons was that they had more full-time people. As we have given more missions to the Reserves and more equipment particularly to the Army Reserve, it seems to me we are going to need more full-time people. An M–1 tank or a very sophisticated new helicopter is going to require more full-time people to help the rest of the unit get up to speed.

Senator GLENN. Are you saying the Reserves are not capable of performing their functions they are assigned unless they have full-time people assigned with them?

Dr. KORB. I would say that is correct.

Senator GLENN. It is?

Dr. KORB. Yes.

Senator GLENN. That doesn't speak too well of the Reserve readiness as a Reserve unit unless you are putting a substantial number of people in them to keep the thing going. Is that right?

Dr. KORB. Again, it depends on the percentages. At one time the Army had about 5 percent full-time people, while the Air Force had 25 percent.

Senator GLENN. Should these be regulars in there who come out of regular units and have a full military duty in case the war starts?

Should these be people who come in out of the regulars and not make this full-time manning thing as sort of a side issue over here to keep the Reserves going?

Dr. KORB. The use of full-time regulars has been one of the issues that the Congress has debated over the years. I have no objection to using Active duty people. But, we've been back and forth on this. One time we've been told to count them with the Active and later we've been told to put them with the Reserves.

Senator GLENN. Is this a way of DOD bypassing the force limits on regulars?

Dr. KORB. No, sir.

Senator **Glenn**. So that we don't have to have that increase shown, but they are actually assigned over here to the Reserve?

What we are doing in effect is making the same kind of cadre with the same kind of benefits and performing the same function that we call on for manning Reserves?

Dr. **Korb**. A couple of years ago the Congress straightened that out and we now have an agreed upon way of counting. All the people show up.

The issue, as I recall, had to do with how we count, what the Navy calls the Tars. This is not a way to get around it.

The question that you raise, though, is a philosophical question. It has been raised by lots of people. If we are committed to go down this path, increasing reliance on the Reserves, giving them sophisticated equipment, this means, all other things being equal, more full-time people. It would be appropriate for us to take a look at that particular situation.

Senator **Glenn**. Would you rather see it come that way?

It seems to me you might get better folks if you had people who were regulars in the squadron or ship or whatever unit there is, infantry unit, a regular group, they are part of that, they know what their readiness state is, combat ready to go to war, ready to be transported, and then they are assigned to Reserve.

If you have a person who spends a lifetime in the Reserves, they only have a peripheral contact with the regular forces and what their status is all the time.

Dr. **Korb**. In all fairness to the individuals, they don't spend all the time, say, at Floyd Bennett Airfield or the Naval Air Station at South Weymouth. They go back and forth to the fleet.

Senator **Glenn**. We might want to followup on that with you in hearings later.

RESERVE MISSIONS INCREASE

Secretary Korb, last year you testified before this subcommittee: "There has been a major increase in the size of missions that the reserve has undertaken. The current force should be much more fully resourced."

I know we have a lot of strange language in the Pentagon today. Does fully resourced mean they have to have all their equipment?

Dr. **Korb**. That is correct.

Senator **Glenn**. I presume it is still your view we still have to be fully resourced over there.

In your view, what progress are we making to resource selected Reserve units to carry out these missions?

Dr. **Korb**. I think we are making significant progress. Secretary Webb mentioned we are giving about 8.5 billion dollars' worth of equipment to the Reserves, new equipment and the equipment that is being transferred from the Active Forces. That is much larger than it was a couple years ago.

Senator **Glenn**. Are we in pretty good shape on that or is that still to come?

Dr. **Korb**. I would say that the Army component of the Reserves needs a lot of equipment. As a matter of fact, in 1983 I was so concerned about that that I took the problem to the Secretary of Defense. Mr. Carlucci, at that time, Mr. Weinberger's Deputy, added money to the Army budget, for the purpose of equipping the Guard and Reserve with very, very basic things like radios and trucks.

RESERVE READINESS ASSESSMENT

Senator GLENN. The annual readiness assessment of the Reserve components by the Reserve Forces Policy Board just last October, which is not very long ago, concluded that equipment shortages continue to be the most serious limiting factor in Reserve readiness.

Do you agree with that?

Dr. KORB. Yes, I do.

Senator GLENN. Secretary Webb, do you agree with that?

Mr. WEBB. Yes, I do; except I would mention that on the Army side it is probably the most serious shortage in the Active components as well.

Senator GLENN. Do we have a timeframe on this in getting this corrected or is this something that will go on for a lengthy period of time under our current budget constraints?

Mr. WEBB. The Reserve Forces Policy Board, when they made this assessment that the Reserve components were $24 billion short in their equipment, basically matched present assets against optimum wartime requirements, not counting flow through equipment.

For instance, when Active units fall in on POMCUS, some remaining equipment on hand does not match. We have been trying to run down exactly what the remaining shortage is.

I would say over the last 3 years if you look at the procurement and the equipment flow, the situation is greatly improved.

For instance, this year the Army Guard will begin with 63 M-1 tanks; by the end of this fiscal year it will have 243 M-1 tanks. There is a whole laundry list I could submit to you for the record if you would like. The key point I would like to make is that it receives an enormous amount of attention from the top level in the three services.

Secretary Marsh, himself, decided to eat another area of his budget this year in order to have a modernization program on the M-60A3 tank. The people in the Department of Defense are cognizant of it and there has been great progress.

Senator GLENN. They concluded that:

"The combined strength of medical personnel in all components is only equal to 35 percent of the services' total health care wartime requirement."

Do you agree with the Board's assessment that this situation constitutes a war stopper?

Mr. WEBB. Dr. Mayer, the Assistant Secretary of Defense for Health Affairs, has given some estimates that are very alarming. He indicates that under present conditions probably 75 percent of our battlefield casualties would not receive adequate treatment in the first 60 days. He says the good news is that it was 90 percent when the administration began.

It has been one of the top priorities since I have been in this job. I have been wounded a couple of times and it is something that is very personal to me and to a lot of people. I have spent a good bit of my time with USAREUR in Europe trying to develop our casualty estimation planning.

I have brought on an individual who is an Army reservist, a Vietnam veteran, who also has spent a very successful decade in the civilian sector working on this, and we have put it as one of the top priorities in my office.

Senator GLENN. What is your prognosis for the next 4 or 5 years? Do we have a chance of getting this thing pretty well solved?

Mr. WEBB. I would hope so. In this year's budget you will see from the medical side an increase in combat medical preparedness.

One of the difficulties has been, and again is because of a nondraft environment, that the number of medical personnel that we can bring onboard only approximates the levels that are needed for day-to-day care. A lot of the creativity in this area, a good bit of it, has had to come, of necessity, from the Reserve components.

There have been good operations. Last summer there was a big operation in New York where people worked on this. We have another one in California later this year.

Again, it is something that has the attention of people in the Department of Defense. We hope to be able to correct it.

Senator GLENN. Secretary Webb, your statement concluded with the very thoughtful observation that:

> What is needed is a national strategic perspective which outlines national commitments into the next decade and examines the force structure necessary to these commitments from both a deterrent (heavily active) and wartime (heavily Guard and Reserve) perspective.

This gets into an area that I have been very interested in. I think we would do right by the people of this country if we combined the Foreign Relations Committee and the Armed Services Committee here so that we combined policy of state and the military.

It seems so basic and self-evident that we should do something like that, but, of course, with all of our turf requirement for our press release purposes, that may never happen, I don't know. I have always thought we should set the policy and have the military carry out that policy.

We have treaty commitments that commit us to some 42, I think, nations around this world in one form or another. I believe it is seven major treaties. Those form sort of the basis of what we foresee our commitments to be.

That is the reason I was interested when you were talking about where we go in the next decade and how we outline our commitments there. It seems to me some of these commitments, are less likely than others to require U.S. action and that of our allies'.

In your view, does the current application of Active and Reserve forces across the services reflect the balance to meet these national commitments?

That is basically what you are talking about, what contingencies we might be required to meet with regular forces with no national emergency as opposed to a bigger callup that would come.

I know it is a rather philosophical question, but it is one you addressed in your closing statement and I would be interested in your comments on it.

How much guidance do you get from the State Department about what is our policy? Do you ever get anything like that?

Is there ever a statement that comes down to you where the State Department says, "Here are our commitments around the world," and it comes down to you to implement these things? Is it ever done that simply and straightforwardly?

Mr. WEBB. I am not sure it is done that simply. I know there is a lot of coordination with the State Department and National Security Council.

To answer your question, my thought was that the force mix process and methodology that we have developed, to this point, has been properly addressed. Existing force commitments pursuant to our national strategy, and the evolutionary aspect of force mix should address our present Reserve and Active force mix structure.

Again, on cost areas and on a microscopic level we can move things around, but what we need to do over the next few years is to look at the deployment picture worldwide and tie it into our strategic concerns and try to look more into what our Active force structure should look like.

When I say our force mix now can meet the obligations around the world, on a very personal basis I am concerned about the small size of the Active force. With 2.16 million people, there is no fat.

You could possibly shift missions around inside that structure, but I get very concerned when I hear people talking about reducing the size of the Active force any further under existing force commitments.

The structure of our force commitments around the world is essentially 40 years old. During that time period we have had a number of shifts in our political obligations, as you mentioned. We have had a vast reduction in the size of our Navy at the same time that our balance of trade has shifted to the Pacific.

Unfortunately, as I mentioned in my opening statement, you can't zero-sum strategy. We can't just start and say this is the way it should be. It is a very delicate process of adjustment.

I do believe we need to do that, and once we do, we may end up with quite a different force structure.

Dr. KORB. Senator, could I comment on that?

Senator GLENN. Certainly.

Dr. KORB. This question is not a new question, obviously. There is a national security document that is put out in which all of the major agencies participate. Each administration puts it out. This administration is no exception. It talks about this particular question.

We formulate the defense guidance on the basis of this document. In the defense guidance, we lay out how we are going to carry out our commitments. But there is a fiscal component to the defense guidance. It basically says this is what we would like to do, but we don't have that much money, so we are going to have to balance the risks? It tells the people to make the tradeoffs. For example, if you don't have enough money to buy all the planes you would like, you can increase your effectiveness through sortie surge-buying extra spare parts or extra munitions and flying the number of aircraft you do have more.

What you do is you try to get more out of the number of planes you can afford, recognizing there is a limit beyond which you cannot go. But in the history of this country, particularly in the post-World War II period, no administration has ever funded, fully funded, our obligations.

If you go back to the period of the sixties, Secretary McNamara talked about planning for two and a half wars. We were going to be able to fight a major war in Europe, a major war in the Far East, and handle someplace else too, a smaller war. You know, we did not budget for that. Nor do we do it now.

If you take a look at our defense guidance, it recognizes there is a risk. You have to do it because this country has never been able or willing to fully fund the cost of all our commitments. Basically you are trying to hedge your bets.

Senator GLENN. This is one we can pursue on into the night. Let me ask one brief question and I would like to do it sometime not necessarily into the night, but talk about this more privately or in a hearing sometime. I think it should be one of the basic things we should consider.

I wanted to come on the Armed Services Committee, but I wanted also to remain on the Foreign Relations Committee because I think there is a cross pollination here that we need.

Stu Symington was the last person to have been granted that favor of being on both committees before they changed the rules. I was not able to do that.

I can make a good case at least for combining these committees and stop dancing around between the committees as to military policies and commitments, and so on.

To followup on the full-time manning issue, what percentage of the full-time Active duty reservists are actually out there serving in these local units and what percentage are serving in Reserve headquarters functions or assigned to the Pentagon or other headquarters or staff jobs in the Active forces?

In other words, are we putting these people in the local units which is ostensibly what they are there for?

Can you furnish those things for the record if you don't have them this morning and give us a breakdown on percentages?

Mr. WEBB. Yes, sir. We will do that by component.

Senator GLENN. Thank you.

Dr. Korb, any figures with you?

Dr. KORB. No, I don't.

Senator GLENN. If you two can get together and give us figures on that, it might be illuminating as to the full-time Active people.

[The information follows:]

The percentages of Reserve component full-time duty members serving in units are as follows:

Army National Guard: 81% plus 12% in unit recruiting activities; Army Reserve: 69% plus 18% in unit recruiting activities; Marine Corps Reserve: 67% plus 9% in unit recruiting activities; Naval Reserve: 95% plus 1% in unit recruiting activities; Air National Guard: 87% plus 8% in unit recruiting activities. The Air Force Reserve does not utilize Active duty reservists at unit level.

Senator WILSON. Gentlemen, we thank you for being with us again and making a very valuable contribution. We will now excuse you and welcome our second panel.

Let me invite the second panel to take the table. We can begin with General Walker on your right, to my left, next General Temple, next General Berkman, then Admiral Kempf, then General Conoway, then General Gill, then General Went and finally Admiral McDonough.

Gentlemen, welcome.

I will begin by thanking you for your written statements. The complete written statements submitted by each of you will be made a part of the record.

In the interest of time, we would ask that you summarize those statements and insofar as possible for you, hit upon the salient points and observe about a 3-minute limit because there are eight of you.

We would be grateful for your imposing that constraint upon yourself.

We will begin with Lt. Gen. Emmett H. Walker, Jr., U.S. Army Chief of the National Guard Bureau.

STATEMENT OF LT. GEN. EMMETT H. WALKER, JR., U.S. ARMY, CHIEF OF THE NATIONAL GUARD BUREAU

General WALKER. Thank you, Mr. Chairman and members of the committee.

I appreciate the opportunity to be here this morning and report to you on the current status of the Army and Air National Guard.

1984 was certainly a year of great challenge, achievements and improvements. The Army and Air National Guard finished 1984 at the highest strength ever, 434,000 for the Army Guard, 105,000 for the Air Guard. This makes 6 years that the Air Guard have achieved their funded strength and 5 years for the Army Guard, 540,000 quality people that are dedicated to the defense of this Nation.

But, sir, our strength objectives for the future, in my opinion, offer major challenges, challenges that we will meet if we are given the proper tools.

I think the new GI bill combined with other incentives will certainly help us, but I would urge the Congress to reenact the Selective Reserve Incentive Program which expires the 30th of September this year. To me it is imperative that we have this program to achieve our future strength goals.

Equipment status is certainly improving. We are being supported. We are not at 100 percent of requirement, but we are seeing improvements. We are getting equipment that we have long asked for, the M-1 tanks, M-60A3 tanks, Bradley Fighting Vehicles, Cobra and Apache helicopters, F-15 and F-16 fighters, C-5, C-141 and C-130H aircraft. The policy of first to fight, first equipped is working.

Sometimes we don't think we are getting it fast enough, but certainly we are being equipped.

The training requirements continue, Mr. Chairman, to increase as our training opportunities expand. We are participating in more exercises and, more overseas deployments in the Army and Air Guard as we carry out our role as full partners in the force.

With this, our training successes continue to grow, successes that prove we can accomplish any mission which we are asked to assume as long as we are properly resourced.

The citizen soldier, Mr. Chairman, is willing to work at two jobs, work at making a living in his civilian occupation and, second, to work defending this Nation. This requires a considerable amount of time away from his family and away from his employment.

As I see it, probably the biggest challenge we face in the future is family support, employer support and support of the general public of this country who I don't think understand the load that we are carrying in national defense. It is imperative, in my judgment, that they do understand because we are required to train more, put in more hours and we need to have this story told.

Mr. Chairman, I want to thank this committee and this Congress for their support of us in the past. Certainly the Congress has been good to the Army and Air National Guard.

Thank you sir.

[The prepared statement of General Walker follows:]

PREPARED STATEMENT BY LT. GEN. EMMETT H. WALKER, JR., CHIEF, NATIONAL GUARD BUREAU, DEPARTMENT OF THE ARMY AND THE AIR FORCE

INTRODUCTION

The Army and Air National Guard today contribute a major portion of the U.S. conventional defense capability. Never before in its 347 year history has the Guard been so well trained, equipped and manned. The major improvements in these key readiness areas are directly attributable to increased Congressional support, OSD oversight of the Total Force Policy and Army and Air Force modernization initiatives. The increased resourcing we have received is the result of the continuous growth in Guard missions and responsibilities.

The focus of our efforts during the past year, and looking into the future, is to recruit and retain a high quality, professional force, to use training time to the best possible advantage and to make the most of every defense dollar we spend to equip and train the Guard. We continue to work to insure that no Army or Air Guard member on any future battlefield would have cause to say "Had only I been better trained, equipped or led." This is the challenge we have accepted and the charge we work to uphold.

Army and Air Guard units have deployed worldwide in the past year and trained side-by-side with their active component counterparts. These deployments have included JCS exercises, support to active component missions and units and real-time, real-world missions. In virtually every case, the Guardmembers have met or exceeded the mission requirements and have returned home with a real sense of accomplishment and contribution.

Our Army and Air Guard members are some of America's finest citizens. They continue to prove that with proper leadership, resourcing and family and employer support, they can and will perform any mission assigned.

STATE MISSION

The National Guard is the only dual missioned force among the services. Our primary mission, like that of the other components, is to be able, if called, to mobilize, deploy, fight and win. Our second mission, the state mission, is what makes us unique. The state mission requires the Guard to be able to answer the call of the respective Governors in responding to emergencies throughout the states and territories, assisting in the preservation and protection of life, property and public order.

During 1984, Army and Air Guard personnel responded to calls from 49 Governors on 423 separate occasions. The Guard provided emergency assistance ranging from rescue efforts at the AMTRAK train crash site, support of the National Search and Rescue Service and security assistance at the summer Olympics, to assisting local law enforcement authorities following natural disasters and during civil disturbances, and support to drug enforcement authorities. National Guard response to these emergencies involved more than 11,200 soldiers and airmen using approximately 102,000 mandays at a cost to the respective states exceeding $7.6 million.

The continuing, varied requests for specialized equipment and personnel for a variety of missions continue to reflect confidence in and public acceptance of the National Guard as a professional emergency force available to protect the citizens of the states and territories.

FEDERAL MISSION

ARMY GUARD ORGANIZATION

Forty-six percent of the combat units and 37 percent of the support forces within the Total Army are provided by the Army National Guard. Major unit contributions to the Total Army force structure include nine divisions, fourteen separate brigades, four armored cavalry regiments, an infantry scout group, two special forces groups, five roundout brigades and seven roundout battalions. Roundout units provide the force structure essential to an Active Component division to fill its total organizational requirement.

The 41st Infantry Brigade, Oregon Army National Guard, roundout to the 7th Infantry Division, will change to roundup status in FY 85. This change was caused by the conversion of the Active Army's 7th Infantry Division to a light infantry division. As a roundup brigade, the 41st will retain its current resourcing priority and maintain its former training relationship with the 7th Infantry Division. However, it will become a corps asset rather than a divisional unit.

In September 1984, Department of Army announced that two more light infantry divisions will be added to the Active Component force structure, commencing in FY 85. These are the 10th Mountain Division (Light), which will be based at Ft. Drum, New York and the 6th Infantry Division (Light), which will be located in Alaska. Both divisions are programmed to have Reserve Component roundout brigades.

In FY 86, we will begin organization of a new light infantry division through the consolidation of existing brigades. The new division will be the first and only light infantry division programmed for the Army National Guard, our tenth combat division, and will increase the number of Total Army divisions to 28. The designation of the new division will be the 29th (Blue and Gray) Infantry Division (Light), headquarted at Ft. Belvoir, Virginia.

The roundout role for the 29th Infantry Brigade, Hawaii Army National Guard, roundout to the 25th Division, will change to roundup in FY 86 as the 25th Division converts to the light infantry division configuration. As in the case of the 41st Brigade, the 29th will maintain its current resource priority and training relationship with the 25th Division, but will become a corps, rather than a divisional, asset. Consequently, in FY 86, the number of Army National Guard roundup brigades will increase to two. A total of 80 activations and 92 conversions are programmed for Army National Guard units in FY 86.

AIR GUARD ORGANIZATION

The Air National Guard's Federal mission, as part of the total Air Force, is to provide units of properly equipped and trained personnel for prompt mobilization whenever called upon in time of crisis. Our units also perform designated Air Force missions during peacetime, primarily as a by-product of training.

The Air Guard is manned and ready to carry out this dual mission. It is our belief that strength through readiness is the key to success.

The readiness of our units continues to remain high despite increased taskings and conversions to new and more complex weapon systems. Military manning was over 105,000 at the end of FY 84 and is projected to be 108,000 at the end of FY 85 and 111,000 by the end of FY 86. The Air Guard flies more than 1,600 aircraft in a variety of demanding missions, ranging from Air Defense and Tactical Fighters to Strategic Air Refueling and Strategic Airlift. We participate as full partners with the active Air Force and the Air Force Reserve in carrying out these missions assigned by our civilian leadership.

FORCE STRUCTURE

Air National Guard flying units are organized into 24 wings, 67 groups and 91 flying squadrons. Modernization of these units continues as evidenced in the FY 86 public announcement of force changes. We have announced the first F-15 conversion in the Air Guard at New Orleans in FY 86, with a second unit programmed in FY 87 at Dobbins, Georgia. We are getting back into the strategic airlift business with activation of our first C-5 unit at Stewart Airport, New York in FY 85 and our first C-141 unit at Jackson, Mississippi in FY 86. We will also be activating our second Air Guard F-16 unit at Kelly AFB, Texas. Future programmed conversions depend on programmed procurement rates. Modernization of the Air Force in general and the Air National Guard in particular depends heavily on your support of these procurement rates.

In FY 86, the Air Guard will continue its modernization efforts in several major mission areas. Two Tactical Fighter units (one F-4D and one F-4C) will change series to the F-4E and increase their primary aircraft authorization from 18 to 24. Two Tactical Airlift units (one C-130A and one C-130E) will change series to the C-130H. The A-7 Combat Crew Training Unit at Tucson, Arizona will have F-16s added to its inventory, and the Boise, Idaho RF-4C Combat Crew Training unit will increase its primary aircraft authorization from six to 12 aircraft. Finally, six units will upgrade their operational support aircraft by replacing their older C-131s with new C-12Fs.

As a result of our modernization efforts, Air National Guard flying units continue to make a substantial contribution to the total Air Force combat capability and will fulfill a large portion of force commitment during any future crisis. In FY 86, the Air National Guard will possess 73 percent of the total Air Force Air Defense Interceptor forces, 48 percent of Tactical Reconnaissance forces, 32 percent of Tactical Airlift forces, 25 percent of Tactical Fighter forces, 17 percent of Aerial Refueling forces, 14 percent of Rescue and Recovery forces, 15 percent of Special Operations forces, 24 percent of Tactical Air Support forces and two percent of Strategic Airlift forces. In addition, 15 Air Guard flying units are tasked in Central Command (CENTCOM) plans.

The continuing emphasis on modernization and readiness has resulted in adjustments of the organization precedence ratings for all Air National Guard units to equal levels with comparable Air Force units. This is in consonance with Department of Defense (DOD) policies, and places the Air National Guard on an equal footing in the DOD Logistics System with its active counterparts.

Equally important to the success of the Air National Guard mission are our mission support units. There are 244 independent units heavily concentrated in the areas of base fixed communications, combat communications, weather, tactical control, engineering installation, civil engineering, medical and air base ground defense.

Base communications flights provide fixed communications support to our flying units. These units operate and maintain the base fixed and tactical telephone systems, base communications centers, ground-to-air radios, intra-base radios, high frequency radios and base cable plants. Many of these flights also have separate, deployable elements which support Strategic Air Command, Military Airlift Command and Tactical Air Command at alternate recovery bases in the Continental United States and at collocated operated bases in Europe.

Our 51 combat communications units are equipped and staffed to support the Tactical Air Forces. They provide specific communications service to forward deployed commanders and provide restoral service to the Defense Communications System. They are also equipped to provide terminal air traffic control facilities and services. In FY 84, 15 combat communications units were tasked in Central Command (CENTCOM) plans.

A policy on allocation of new capabilities and replacement equipment has been implemented within the Air Force that will expedite the modernization of Air Guard Combat Communications equipment. This policy requires equipping units based on their primary mission area and insures Air Guard parity with the active Air Force.

The Air Guard has 39 Weather flights and one Weather squadron, most of which provide weather support to Army Guard and Reserve units. We do have one Weather flight tasked to support the Air Force Tactical Weather System. Weather units train with the Army units that they are tasked to support.

Our 31 Tactical Control units operate control and reporting centers and posts in addition to providing forward air control posts. All units have wartime taskings and quick response deployment schedules. Five units deployed to Europe in FY 84 to support exercises in Denmark, Norway and Italy. All our units now possess the TPS-43E tactical radar.

We also have three Aircraft Control and Warning squadrons that provide around-the-clock air surveillance radar coverage for Hawaii and Puerto Rico. In FY 84, a fully automated Regional Operational Control Center became operational in Hawaii and is operated and maintained by Air Guard personnel.

We now have two tasked units to provide equipment and personnel augmentation as part of the Joint Communications Support Element. The mission of these units is to support Joint Task Forces during contingency military operations or disaster relief and evacuation activities.

Our Engineering Installation (EI) squadrons are equipped and trained to engineer, install, relocate, remove, restore and accomplish on-site depot level maintenance on radars, antennas, cable plants, radios and teletype and communications centers. Our EI units represent the majority of the total Air Force capability for this type of work. Each year, these units accomplish a significant portion of the total Air Force EI workload.

Our Civil Engineering flights are equipped to undertake construction, alteration and repair projects to sharpen their wartime skills as well as to complete urgently needed projects for their host base (either active Air Force or National Guard). A second Civil Engineering Red Horse Squadron (Rapid Engineering Deployment Heavy Operation Repair Squadron Engineering) has also been federally recognized.

A Prime Ribs (Readiness In Base Services) expansion and realignment program scheduled to begin in FY 1986 will reduce the Air Force wartime shortfall in food services and support by over 1100 positions. This will increase the Air Guard contribution to the total Air Force wartime food services and support requirement from 28 percent to 35 percent.

The Medical Service of the Air National Guard supports our 91 flying units in peacetime and fulfills the medical readiness requirements of the active Air Force for wartime planning. Our Medical Service consists of 91 medical units (seven flights and two squadrons). Significant personnel increases are taking place in the Aeromedical Evacuation units with additional personnel in the program for our hospitals and clinics. These increases respond to enhanced wartime mission requirements for the Air Guard Medical Service.

Like their Flying unit counterparts, our Mission Support units contribute heavily to the total Air Force combat capability. In FY 85, the Air Guard will possess 70 percent of the Air Force Combat Communications forces, 60 percent of Tactical Weapons Control, 12 percent of the Weather Reporting and Forecasting forces and 30 percent of the Aircraft Control and Warning forces.

MANNING THE ARMY GUARD

The Army National Guard completed FY 84 by posting one of its most successful years ever in terms of strength gains. During the year, we achieved our highest end strength in history, closing the year with 434,259 men and women. This increase of 17,081 from the end of FY 83 represents 100.3 percent of our programmed end strength, 99.8 percent of authorized strength, and 93.4 percent of wartime required strength. The end strength is composed of 41,847 officers and 392,412 enlisted personnel.

Women have joined the Army Guard in increasing numbers as evidenced by the strength figures for FY 84, which included 2,072 officers/warrant officers and 20,432 enlisted women. Initiatives taken to encourage female accessions include the FY 85 State Accession Mission, which, for the first time, included a female nonprior service objective.

Minority commissioned/warrant officer strength at the end of FY 84 was 3,957 (3,495 commissioned, 462 warrant officers). This represents a fiscal year increase of 918 officers and 9.5 percent of the Army Guard officer force. The total for black officers was 1,883 (1,737 commissioned, 146 warrant officers), 4.5 percent of total Guard officers. Female commissioned/warrant officer strength was 1,946/126, 5.0 percent of our total officer force. We remain committed to the goals and principles of minority officer participation within our officer force as originally established by the Minority Officers Recruiting Effort (MORE) Program in March 1978.

Commissioned and warrant officer strength reached 97.3 percent of our programmed objective for FY 84. Accessions from the Reserve Officers Training Corps (ROTC) accounted for 41.4 percent of total commissioned officer accessions. By FY 90, ROTC accessions are expected to account for over 50 percent of commissioned officer accessions. This will make ROTC the largest single source for Army National Guard lieutenants. During FY 84, State Officer Candidate Schools (OCS) produced 31.6 percent of our commissioned accessions. Due to production constraints imposed by Department of Army, this percentage is expected to drop to 23 percent in the future.

Retention of first-term and career soldiers was an integral part of our historic end strength accomplishment in FY 84. The efforts of our expanded retention force, strength management education and training, command emphasis at all levels, resurgence of patriotism and positive attitude toward military service enabled us to achieve 82.8 percent of programmed retentions during FY 84.

Quality of our enlisted force has steadily improved. In the last eight years, we have increased the number and percentage of high school diploma graduates (HSDG) while reducing the number and percentage of Test Score Category IV accessions. In FY 84, 68.8 percent of NPS accessions were HSDG and only 6.9 percent were from the lowest test score category.

To achieve established end strength in FY 85 and FY 86, 438,383 and 450,496 respectively, numerous dynamic initiatives have been identified and implemented. The Director, Army National Guard, internally reprogrammed 601 personnel authorizations to expand the existing recruiting force, providing 24 percent growth in the Full-Time Recruiting Force (FTRF) during FY 85. An increase of 225 FTRF personnel is included in FY 86.

In FY 85, an additional 65 Active Guard/Reserve (AGR) personnel will be tasked with increasing the retention of trained personnel who complete their required term of service. With this expanded recruiting and retention force, an aggressive national advertising campaign, and a viable enlistment/reenlistment/educational assistance bonus program, we are confident we can attain programmed FY 85 and 86 end strength.

MANNING THE AIR GUARD

The Air Guard achieved a military end strength of 105,012 in FY 84. This is the highest level ever achieved by the Air Guard. It is the sixth consecutive fiscal year that programmed end strength levels have been exceeded.

The Air Guard's FY 85 end strength program is 101,221 drill strength and 6,469 AGR (Active Guard/Reserve) for a total strength of 107,690 with an average strength of 105,438. In FY 86, we have programmed 103,590 drill strength and 7,269 AGR for a total end strength of 110,859 and an average strength of 108,700. This strength level supports approximately 99 percent of the Air Guard's projected wartime requirements.

Although the Air Guard has consistently exceeded programmed strength levels, many critical skills remain below acceptable levels. At the end of FY 84, 54 percent of our vacancies were in hard-to-fill areas such as aircraft maintenance, munitions systems, aircraft armament and security police. Additionally, the Air Guard has projected a growth of over 15 percent by FY 90. Of this growth, 35 percent will be in such critical skills as aerial port, Red Horse (civil engineering), medical and aircraft armament. We expect to continue to meet our strength goals, but anticipate a greater challenge as our program strength levels increase and the recruitable population age decreases.

The Air Guard's recruiting program uses a precision recruiting approach. This approach keynotes recruiting for existing or projected critical skill vacancies. The overall responsibility for recruiting rests with the respective State or Territory. The addition of a full-time retention force has paid off, as losses again declined last year for the sixth year in a row. We continue to focus on recruiting rated officers, medical officers, minorities and women. In fact, the percentage of women and minorities in the Air Guard increased again in FY 84 for the fourth consecutive year. The continuation of recruiting and retention as co-equal programs has aided the Air Guard in meeting its end strength objectives as well as furthering our progress in reducing critical skill vacancies.

In its Total Force role, the Air National Guard is highly dependent on personnel who are competent and reliable. By recruiting a higher percentage of prior active and reserve component personnel into the Air Guard, we retain the maturity and experience in the enlisted force and avoid the high cost of basic military training (BMT) and initial skills technical training. Since FY 80, our enlisted accessions have consistently demonstrated a 60 percent prior service and 40 percent non-prior service mix.

In April 1984, the Secretary of the Air Force established an FY 85 female accession goal of 17 percent. The Air National Guard exceeded that goal in FY 83 with 17.1 percent of accessions being female. In FY 84, 17.5 percent of all ANG accessions were women. At the end of FY 84, participation by women in the Air Guard increased to 10.8 percent of the force. It is also important to note that even during years when overall accessions were declining (i.e., FY 80-83), the rate of female accessions into the Air Guard showed a steady increase.

ARMY GUARD OFFICER/WARRANT OFFICER DEVELOPMENT

We have continued to raise standards for appointment, promotion, and retention of both commissioned and warrant officers. Today's Army National Guard officer education profile shows 53 percent of commissioned officers have a baccalaureate degree or higher. In order to increase this educational level, we have implemented the following changes to the civilian education requirements for commissioned officers:

a. All of our commissioned officers are required to complete at least two years of college, or its equivalent, by 1 October 1989.

b. All State OCS graduates must have two years of college prior to appointment starting in 1989.

c. All officers appointed after 30 September 1983, are required to have a baccalaureate degree before promotion to major.

Resident requirements for military education now result in 100 percent Basic Course attendance compared to approximately 65 percent one year ago.

The educational goal established for our warrant officer corps is achievement of an associate degree. Currently 45 percent possess this level or higher civilian education. In order to ensure that our 8,805 warrant officers keep pace with the Army's new technology, systems and overall force integration, an extensive Professional Development Program will continue to demand strict military education requirements for appointment, promotion and retention. During FY 85, a new warrant officer appointment procedure will be developed for the Army National Guard and implemented in early FY 86.

To assist our officer corps in achieving these new educational requirements, we have implemented the Assistance for Military Professional Development (AMPD) Program. Currently providing educational assistance to our officers and officer candidates, this new initiative allocates military education funds to each state for use in defraying 75 percent of tuition and laboratory fees identified by the school at the time of registration. AMPD tuition assistance is only available to drilling Army National Guard officers or officer candidates not receiving tuition assistance from any other source, i.e., G.I. Bill. The policy of providing 75 percent tuition assistance for these personnel under AMPD is intended to coincide with support provided to our AGR personnel under the Army Continuing Education System (ACES).

Additionally, Department of Army has extended the ACES Program to the Reserve Components beginning 1 October 1985. The program will provide educational assistance to all Army Guard personnel in their pursuit of continuing education.

ARMY GUARD FULL-TIME SUPPORT

Our Full-Time Support program consists primarily of a combination of Active Guard/Reserve (AGR) full-time military members and Military Technicians. Together, the AGRs and Technicians perform essential services without which the Army National Guard would have no continuity of operations and could not be effective in accomplishing the required training, supply, maintenance, administration and management to meet federal missions. The Full-Time Support Program is the "backbone" of the Army National Guard.

The increased strength, new units, and great amounts of new equipment being delivered to the Army National Guard have greatly increased full-time support requirements. To keep pace with these requirements, we are requesting an increase of 10,096 AGR in FY 86, bringing our total to 30,679 at year end. The requested increase in AGR supports our highest priority requirement of providing full-time manning for our combat and combat support units. There is also a need for additional technicians to support increased requirements for supply, maintenance, and administrative functions.

We have found, through experience and analysis, that AGR personnel are better suited for providing full-time support to units, whereas military technicians are best suited for employment in support activities, including headquarters, supply and maintenance. We would like Congress to revise the language prohibiting the movement of technician positions and allow us to implement a mix of the force established by Congressional direction in 1982.

AIR GUARD FULL-TIME SUPPORT

In FY 84, the Air Guard exceeded its combined military technician and full-time military (AGR) end strengths. In FY 85, we expect to fully meet our full-time end strength programs, which are 937 higher than FY 84 actuals. In FY 85, our full-time personnel growth was originally programmed as all AGR. However, as a result of Congressional action, 50 percent of this growth was transferred from AGR to civilian technician authorizations.

Future manpower growth will contain a mix of technicians and AGR personnel. This mix will be determined based on the missions to be performed. The majority of our maintenance and support personnel are currently technicians, and this type growth will be programmed as technicians in the future. Security, field training sites, ranges, detached alerts, recruiting retention and similar type programs which are military in nature will be programmed as AGR. We anticipate that our full time force will contain approximately 75 percent technicians and 25 percent AGR.

EQUIPPING AND SUSTAINING THE ARMY GUARD

Although equipment shortfalls remain, never before in our history have Guardmembers been better equipped in peacetime.

Department of Army has initiated plans to accelerate delivery of modern equipment to the Army National Guard. At the end of FY 84, our tank force consisted of approximately 2900 main battle tanks. Planned delivery of 180 M1 tanks in FY 85 will increase this modern system in the Army Guard to a total of 240. Department of Army has proposed increased fielding of M60A3 tanks to the Army National Guard during the FY 86-92 time frame. If adopted, all armor units will have 100 percent fill of M60A3s and M1/M1A1 tanks by the end of FY 92.

Accelerated fielding of Field Artillery systems is continuing. TACFIRE, Battery Computer System, and FIREFINDER fielding have met with repair parts and maintenance support problems, which have hindered attempts to accelerate the fielding of these systems. Current staff actions in the areas of upgunning current 105mm units to 155mm weapons and fielding of the Multiple Launch Rocket System in our units have demonstrated the Army's desire to accelerate modernization efforts for the Army Guard.

In FY 84, equipment worth $796 million was distributed to the Army National Guard by Department of Army. Based on current plans, $1.045 billion worth of equipment will be distributed to the Army National Guard in FY 85. This will include such major items of equipment as the M1 tank, Bradley Fighting Vehicle, Improved TOW Vehicle (ITV), M198 Howitzer, Chaparral, and AH-1S Cobra Attack Helicopter. Department of Army procured over $900 million worth of equipment for the Army National Guard in FY 84 and projects procurement of equipment worth $1.7 billion in FY 85 and $1.5 billion in FY 86. This equipment will be delivered in the FY 85-89 time frame.

Congress continued to strongly support equipment procurement for the Army National Guard in FY 85. An appropriation of $150 million was provided for the Army Guard to procure equipment, continuing a practice which began in FY 82. Through FY 85, Congress has provided the Army Guard with appropriations totalling $350 million specifically for equipment procurement. We have utilized these appropriations, in coordination with the Department of Army staff, to improve the equipment posture of our early deploying units. The $150 million provided in FY 85 will procure Armored Personnel Carriers, M198 Towed Howitzers, Improved TOW conversion kits, TRITAC communications equipment, electronic shop shelters, Five-Ton Cargo Trucks, and Commercial Utility Cargo Vehicles.

Congress has also directed Department of Army to procure equipment for the Army National Guard from its Procurement Army appropriations. As a result, Department of Army will procure AH-64 and UH-60 helicopters, C-12 aircraft, Chaparrals, and ITVs for the Army Guard with funds appropriated in FY 85. Funds were also provided in FY 85 for the upgrade of AH-1G helicopters to the AH-1S COBRA/TOW configuration. Since FY 78, Congress has directed procurement of over $400 million worth of equipment for the Army National Guard from Department of Army appropriations. This $400 million added to the $350 million mentioned above totals to over $750 million worth of equipment provided to the Army National Guard as a result of Congressional initiatives since FY 78.

The significant influx of resources to the Army National Guard serves to reinforce the fact of our nation's reliance on the Guard as a key element in national security. Nevertheless, we remain critically short of equipment which we view as essential to permit our soldiers to adequately conduct sustained combat operations.

ARMY GUARD AVIATION EQUIPMENT

We have a present requirement for 493 attack aircraft. In FY 86, we will have a shortfall of 277 attack aircraft. These shortages will be alleviated as the production of AH-64 aircraft for the Active Component causes a displacement of additional AH-1S helicopters to the Army National Guard. The 18 AH-64s, provided by Congress from FY 85 procurement, are scheduled for FY 87 fielding to an attack battalion in the North Carolina Army National Guard.

Six C-12 aircraft, provided to the Army National Guard from Congressionally directed FY 85 procurement, will expand our C-12 fleet to a total of eighteen. The influx of C-12 aircraft into the Army National Guard has provided improved command and control of geographically dispersed units. It has also provided for redistribution of aircraft throughout the Army National Guard, providing needed aviation assets to states which previously had been denied a reliable command and control capability.

We operate a fleet of 72 CH-54A/B helicopters which provides our heavy lift capability. The projected phase-out for the CH-54s has been established as the year 2000. In order to maintain these as deployable, supportable and mission capable systems, several actions are required; including increased repair parts procurement, product improvement applications for sustainability, depot level repair of the airframes and an avionic/electronic upgrade. The latter is required to maintain communications compatibility with the more modern Army aircraft.

ARMY GUARD AIR DEFENSE EQUIPMENT

We are currently organized with eight battalions of M42 (Duster) Air Defense Artillery (ADA) units, supporting the eight divisions which currently have ADA organizations, and one U.S. Roland battalion, the only unit of its type in the Total Force. The present force modernization plan replaces our Duster units in the FY 85-90 period. Initially, this will be accomplished by converting four Duster battalions to Chaparral and the other four battalions to Stinger organizations. The Chaparral fire units will be fielded from Active Component draw down and other Army inventory for the first and second battalion conversions. The third and fourth battalions are scheduled to be equipped with new equipment purchases. One Duster battalion began its transition to Chaparral in FY 84 and will complete the process in FY 85. The second Duster battalion will begin conversion in FY 85. The Stinger units will be equipped initially with training devices only; subsequently, they will receive the new Lightweight Air Defense System (LADS). Our ADA force will be increased in the future by the activation of six additional divisional battalions, two units for the newest Guard divisions and four units to provide backfill for the Chaparral units. Chaparral units will become corps level battalions when the divisional units are activated to replace them. All divisional ADA units will eventually be fielded with the new LADS. Our ADA force will then consist of ten divisional battalions, four corps Chaparral battalions and one U.S. Roland battalion. Additionally, three Hawk battalions are to be activated in the Army National Guard for corps missions utilizing equipment displaced from Active Component units.

ARMY GUARD COMMUNICATIONS-ELECTRONICS EQUIPMENT

In 1982, we conducted a Communications-Electronics Equipment Study which identified problems in the areas of interoperability, compatibility and supportability. These problem areas were identified to the Army Signal Center, Training and Doctrine Command, Army Materiel Command, Communications-Electronics Command and Department of Army. Two major interoperability concerns were: (1) first generation multichannel Frequency Division Multiplex (FDM) equipment in our signal battalions and separate signal detachments, and (2) manual switching equipment found throughout our force structure.

Another major equipment issue which has now been identified is Communications Security (COMSEC) for combat net radios in our units. This is an area of critical importance to combat and combat support units. Although VINSON COMSEC equipment is now critically short, it is being fielded and the fielding pace will accelerate over the next two years.

Tactical automation is now programmed by the Department of Army for issue to approximately one-third of all of our battalions. Initially, tactical automation will be provided down to battalion level in the form of Tactical Army Combat Service Support Computer Systems (TACCS).

Since the previously mentioned FY 82 study, we have utilized equipment procurement appropriations provided by Congress to procure over $125 million worth of modern, state-of-the-art communications equipment. Coupled with earlier Congressionally directed procurement from Department of Army appropriations, we will receive distribution of approximately $250 million worth of modern communications equipment in the FY 85-87 timeframe.

Signal force structure and signal architecture actions initiated by Department of Army will push our signal structure and equipment posture into a position of being fully interoperable and compatible with the Active Component by the end of FY 92. The capability of our signal units and signal equipment to meet commander's communications requirements, is rapidly improving. Of special importance for future capability are the results of Battlefield Communications Review II. This strategy equips the Army National Guard simultaneously with the Active Component on a theater and corps set basis.

ARMY GUARD ORGANIZATIONAL CLOTHING AND EQUIPMENT

The Organizational Clothing and Equipment (OCE) program has been underfunded for a number of years, while requirements have continued to grow. Within the overall program of OCE, the most important area of concern is the status of Chemical Defense Equipment (CDE). We have pursued an aggressive program to purchase CDE for contingency and training stocks for the entire force. Limitations on funding and the nonavailability of some protective clothing and equipment items have slowed the progress toward achieving these goals. Shortages of CDE amounted to $66.6 million at the end of FY 84 and are projected to be $55 million at the end of FY 85. With the introduction of the new chemical defense battle dress overgarment and increased funding in FY 85, our chemical defense posture is improving. We will receive 50,000 sets of the battle dress overgarment in early FY 85 with an additional 250,000 sets programed for late FY 85 and FY 86. This should provide contingency stocks for two-thirds of our force while freeing up a significant number of current contingency assets for training purposes. Funding provided in the FY 85 budget and requested for FY 86 will support procurement of the Personnel Armor System Ground Troop (PASGT) helmet and vest, Combat Vehicle Crewman Uniform System and the Extended Cold Weather Clothing System. These are modernized systems which are scheduled for fielding to the Army National Guard beginning in FY 85. Significant quantities are expected to be delivered in FY 86.

ARMY GUARD REPAIR PARTS

Our total repair parts resource requirement reflects maintenance costs directly related to the age of our equipment, to increased quantities of new and more complex equipment, and to the rate of equipment usage by our units to support year around training programs. Repair parts in short supply are high dollar value items such as combat vehicle/tank track, ballistic fire control components, artillery barrels, electronic equipment modules and circuit cards, rust repair components, engineer construction equipment parts and those repair parts needed to support older models of equipment that are no longer in the Active Army equipment inventory. Funding for repair parts in FY 84 was approximately $7 million below the FY 83 funding level of $123.8 million. This reduced funding, caused by negative growth in the FY 84 Operations and Maintenance, Army National Guard appropriation, resulted in a significant year end FY 84 repair parts shortfall of $132.6 million. Funding for repair parts in FY 85 provides an increase of $72.3 million above the FY 84 level. The most notable improvement will be realized in the increased stockage levels of combat essential Prescribed Load List (PLL) and Authorized Stockage List (ASL) repair parts, reduced to almost zero balance levels during FY 84. Some repair parts shortfalls will continue in FY 85 due to significant increases in both equipment inventory and in the variety of makes and models of equipment to be maintained. The repair parts backlog at the end of FY 85 is projected to be $95.0 million. Repair parts funding requested for FY 86 provides an increase of $36.5 million above the FY 85 level. This increase will improve our materiel readiness program and equipment deployment capability. It will ensure that adequate quantities of repair parts are available to sustain day-to-day maintenance operations. However, significant shortages for PLL and ASL repair parts will continue in FY 86. The repair parts backlog at the end of FY 86 will be approximately $138.6 million.

ARMY GUARD DEPOT MAINTENANCE

A series of depot maintenance programs designed to improve readiness is being initiated in FY 85, or continued from prior years, and is expected to continue in the future. Product Improvement Programs for modernization of combat vehicles continue with upgrade of M109A2 155mm self-propelled howitzers to the M109A3 configuration, anticipated to be completed in FY 85. Conversion of the M113 family of vehicles to the A2 model, begun in FY 84, is expected to be complete in FY 89. The Coordinated Logistics Support Program was initiated with Communications-Electronics Command in FY 85 and provides improved direct exchange and repair and return to user programs for communications and electronics equipment. Additionally, we are heavily involved in a rustproofing program for all commercial and tactical wheeled vehicles in the inventory. The program is designed to extend the life and ensure availability of these vehicles for the foreseeable future, at a cost of approximately $5 million per year. Programmed completion date for the current rustproofing program is FY 89.

We will implement or continue in FY 85 significant aviation depot maintenance programs which are designed to enhance the readiness of the aviation assets in our inventory. An overhaul/modification program for OH-6 aircraft is scheduled for start-up in FY 85 at the Mississippi Army National Guard Aviation Classification and Repair Activity Depot (AVCRAD). This program will provide increased reliability and sustainability of the OH-6 aircraft. During FY 85, the OH-58 tail rotor and power droop improvement program will commence. These improvements will greatly increase the reliability and safety of the OH-58 aircraft. We will continue the U-8F aircraft engine modification contract with completion scheduled in FY 86. Cost savings resulting from painting aircraft at the AVCRADS rather than utilizing depot labor at Corpus Christi Army Depot have been in excess of $10 million since this program was instituted in FY 81.

RANGE MODERNIZATION

Our range modernization program is aimed at management of range design planning and construction. Additionally, the program will provide a means to meet the training needs generated by force modernization and upgrade existing facilities which have suffered from over a decade of underfunding. An Army National Guard Five Year Master Range Plan has been developed to interface with the Army's Master Range Plan. We are scheduled to receive the Remote Target System on a number of proposed ranges. The Multipurpose Range Complex will satisfy gunnery requirements for the total family of weapons currently on hand and projected for the Army National Guard inventory.

TRAINING THE ARMY AND AIR GUARD

We rely upon effective training to make our quality people and equipment work together as a team. We may never have all the resources we require, but we are doing everything in our power to ensure that our soldiers and airmen are as combat ready as possible with what they have. As a result, our training continues to be challenging, demanding and effective.

ARMY GUARD UNIT TRAINING

In the future, we will continue pursuing our goal of "training up" -- conducting combined arms training in our units throughout the Guard, at the level at which they will be required to fight.

Within the last two years, two of our roundout battalions have experienced the rigors of training as part of a National Training Center rotation at Ft. Irwin, California. These units trained as an integral part of a brigade task force from their parent Active Component division. Lessons learned by these units during their National Training Center experience provide the basis for needed adjustments to their home station training strategy. Five of our roundout battalions will participate in National Training Center rotational training in FY 85 and three more will be challenged by this valuable training experience in FY 86.

Joint Chiefs of Staff (JCS) and Army Major Command (MACOM) exercise participation is designed to train units to evaluate standing operating procedures and war plan development; provide opportunities for CAPSTONE wartime mission training and to strengthen CAPSTONE relationships; train commanders and staffs in the Airland Battle doctrine in as realistic an environment as possible; exercise and evaluate personnel, administrative, logistics, and communications systems; and weld all elements -- combat, combat support and combat service support -- into an effective combined arms force. During FY 84, 284 Army National Guard units and unit cells, involving approximately 13,000 personnel, participated in 14 major JCS/MACOM exercises in the Far East, Europe, Central America and the Caribbean. Forty-one units and unit cells participated in REFORGER 84, to include two battalions which shipped their equipment to Europe for the exercise. FY 85 plans call for participation by 318 units and unit cells in JCS/MACOM exercises. Deployment for REFORGER 85 will involve 51 units and unit cells, to include a mechanized infantry battalion task force and an infantry battalion, which will ship their equipment, and three company size units which will draw POMCUS (Prepositioning Of Materiel Configured to Unit Sets). Ninety-one Army National Guard units and unit cells will participate in WINTEX 85, a JCS/NATO exercise conducted in Europe, and an infantry battalion will participate in BRIM FROST 85 in Alaska. Current plans call for participation by 394 units and unit cells in JCS/MACOM exercises in FY 86. This includes a mechanized infantry brigade which will deploy with its equipment for REFORGER 86.

Early 1984 marked the start of a unique Southern Command (SOUTHCOM) exercise called Minuteman. Exercise Minuteman I was a JCS approved, SOUTHCOM sponsored, combined task force engineer training exercise conducted on the western coast of the Azuero Peninsula, Republic of Panama. The exercise objective was to provide realistic, environmentally unconstrained engineer training, tropical medicine training and logistics over the shore training not available in the United States during stateside Annual Training. From

11 March to 5 May 1984, a total of 750 soldiers from the Puerto Rico, Louisiana, and Florida Army National Guards, the 193rd Infantry Brigade (Panama) and the Panama Defense Force joined forces to construct a 15 kilometer road and to survey an additional 27 kilometers of road in this remote area. At the present time, Exercise Blazing Trails 85, the continuation of Minuteman I, is underway. The exercise objective is to repair and construct 42 kilometers of road and bridges. Engineer, logistical, medical and security support are being provided by units from Alabama, Louisiana, Missouri, North Carolina, Puerto Rico and Wisconsin. Public affairs detachments from Florida, Kentucky, New Jersey and Texas are also participating. Exercise Blazing Trails 85 is providing our units and personnel outstanding training opportunities in a realistic and demanding environment.

Our ODT program, which has deployed Guard members to Europe, the Far East and Central America, continues to expand. A total of 527 units and unit cells are scheduled to participate in ODT during FY 85 -- a significant increase since the program began in 1976 with only six units.

AIR GUARD UNIT TRAINING

I talked about the significant contributions our flying units make as a by product of training. Our mission support units have also made impressive training advances. In the past three years, our combat communications units have deployed approximately 1,400 personnel to Europe, Honduras, Egypt and Korea in support of major exercises. The combat readiness of these units will be tested again in FY 85 by their participation in over 30 exercises and deployments worldwide.

Our Tactical Control units train at their home stations by participating in system-wide simulated exercises. As with combat communications, these units also play a major role in Joint Chiefs of Staff exercises. In FY 84, our five deployments to Europe were the third in a series of deployments of tactical control units and demonstrated our global readiness as well as providing the units with realistic training. Six deployments have been programmed for FY 85.

Two of our Engineering Installation (EI) units deployed to Europe in June 1984 and performed successfully under simulated wartime conditions. An Air Guard EI unit also won the FY 84 Air Force Communications Command "SHOOTOUT" competition, with another Air Guard unit finishing in second place. "SHOOTOUT" is a series of competitive taskings undertaken by Air Guard and active Air Force units. Several exercises are also scheduled for Air Guard EI units in FY 1985.

Our Civil Engineering units also participate in Joint Chiefs of Staff European and Pacific exercises. A steadily growing trend of National Guard involvement in joint exercises has enhanced training and the Total Force concept.

Our Prime Ribs teams have supported Air Force requirements with deployments to Air and Army National Guard and Air Force bases in the United States as well as locations in Europe, Korea and above the Arctic Circle in Alaska.

ARMY GUARD INDIVIDUAL TRAINING

Another proven success is the Army National Guard Key Personnel Upgrade Program (KPUP). The purpose of KPUP is to further develop key personnel in our units through direct association with their Active Component counterparts during tactical training exercises. It allows our personnel to perform in their assigned military occupational specialty (MOS) either in place of or alongside their Active Component counterpart.

These experiences of employing their skills with active units and utilizing the most modern equipment under demanding tactical situations have greatly contributed to improved MOS proficiency. Additionally, it has given our Guardmembers great confidence in their abilities. They return to their units with valuable tactical experience and new techniques which they have practiced in real tactical situations.

ARMY GUARD NCO EDUCATION AND TRAINING

It is the responsibility of National Guard leadership to provide our noncommissioned officers with the training they need and deserve to permit them to lead our soldiers in battle.

Our commanders and senior noncommissioned officers have applauded the contributions of the Reserve Component Noncommissioned Officer Education System (RCNCOES) to the improved leadership posture of our NCO corps. Success of the program is such that approximately 30,000 students are expected to graduate in FY 85. Estimates are that approximately 35,000 students will graduate from RCNCOES courses in FY 86, more than five times the number that graduated in FY 80, the year the program was implemented. RCNCOES training is devoted primarily to leadership skills.

Our RCNCOES program includes the Primary, Basic, Advanced and Senior Noncommissioned Officer (NCO) Courses and the Reserve Component First Sergeants Course. Commencing in FY 85, the Reserve Component Primary Leadership Development Course (RCPLDC) will replace the Primary and Basic NCO courses. These NCO Schools will train nearly 15,000 students during FY 86 and will complement the NCO training of the State Military Academies, projected to train approximately 25,000 students next year.

All of our personnel must be prepared to meet the same battle tests as infantrymen. The Army National Guard Battle Skills Course is designed to provide instruction in the technical aspects of squad and platoon weapons, their tactical employment, live fire familiarization and planning the use of nonorganic supporting weapons. The training, initiated in FY 84, is designed to complement the train-to-train skills taught in the RCNCOES.

Another specialized training course initiated in the Army National Guard during FY 84 is the Reserve Component Tank Commanders Course. The purpose of this course is to prepare our NCOs for the duty position of Tank Commander in a Tank Company or Troop. Students are trained to instruct crew drills and teach basic skills to their crews. The Tank Commanders Course is taught at Gowen Field, Boise, Idaho and will train over 800 Army National Guard tankers during FY 86. Like the Guard's Battle Skills Course, this course fits the needs of Guardmembers with limited time to devote to their military duties.

In order to ensure that the Active Guard/Reserve (AGR) force meets the same professional standards as their active Army counterparts, we have developed the Military Education Program (MEP). In most instances, MEP requires that AGR personnel attend the same courses conducted by the active Army at an appropriate time in their AGR career. Continued service in the AGR program is predicated upon successful completion of MEP. Equally important is active participation in the MEP by our military technicians. This will enhance their ability to perform in both their military and technician capacities.

ARMY NATIONAL GUARD AVIATION

Current aviation training efforts have been greatly improved by the FY 83 activation of the Eastern Army National Guard Aviation Training Site (EAATS). Developed to handle the increased training work load in qualifying our aviators to meet individual and crew requirements, EAATS is designed to complement current training programs, not to replace them. A second aviation training site, the Western Army National Guard Aviation Training Site, is scheduled to be operational by FY 87. Its mission will be to supplement unit tactical training requirements.

We have established an intensive night vision goggle (NVG) training program to meet aviation mission requirements. This training requires not only specific flight training but specialized equipment. The Aviator's Night Vision Imaging System (ANVIS) has been designed to help the aviator meet this essential mission requirement. It is necessary for the Army National Guard to receive ANVIS in the near future for its aviation units for increased operational capability, cockpit compatibility, safety and reliability.

We have experienced an increase in Undergraduate Pilot Training (UPT) quotas from 140 in FY 82 to 237 in FY 84, utilizing all UPT quotas during FY 84. These quotas will increase during the 1980s and will eventually provide an output of 250 Army Guard aviators per year by FY 89. We have seen positive results over the past three years since imposing a restriction of 27 1/2 years of age to apply for Initial Entry Flight School. The tradeoff for our highly experienced force of aviators is its steadily increasing average age. Our program is solving the "Aging Aviator" problem and establishes a 20-year life-cycle aviator management program.

ARMY GUARD SAFETY

The Army National Guard aviation accident rate increased from 2.00 accidents per 100,000 flying hours in FY 83 to 2.58 in FY 84. Human error on the part of commanders, supervisors, maintenance personnel, and aircrews continued to be the major factor in these accidents. Individual accountability at all levels, intensive management of aviation safety school quotas, and a quarterly aircraft accident review and trend analysis videotape are major elements in the countermeasure program developed to combat this rise in aircraft accidents.

Through an intensive Army National Guard countermeasure program, we experienced an 18 percent reduction in Army motor vehicle accidents from FY 83. The FY 84 rate was 1.44 accidents per one million miles of exposure. Fatalities were reduced by more than 50 percent. Non-fatal accidents from other than Army motor vehicles were also reduced by 13 percent. To continue an aggressive accident prevention program designed to further reduce personal injury and property damage, we have developed a unit safety officer/NCO training course to be fielded during FY 85.

ARMY GUARD TRAINING SUPPORT

Among our greatest training inhibitors has always been an inability to get full benefit from Inactive Duty Training (weekend training assembly periods). We have attacked that problem through training support. This support is designed to enhance our available training time by making ranges, local training areas and armories more effective as training centers through modernization and employment of training devices and simulators.

To maintain our mission readiness through training, the full support of training devices and simulators is essential. This is especially true in light of the unprecedented integration of modern weapon systems and increased constraints on human and materiel resources. The FY 86 budget reflects a $53 million commitment by Department of Army to provide the Army Guard technologically advanced training devices. Procurement of 181 platoon sets of the Multiple Integrated Laser Engagement System (MILES) is programmed. This will provide one set per battalion to each of our maneuver battalions. Two devices designed for use in armories are planned for delivery in FY 86; 103 Tank Gunnery and Missile Trainer Systems (TGMTS) and 252 Video Disc Integrated Gunnery Systems (VIGS) will be fielded to armor units. Additional devices such as Dragon Launch Effects Simulators, Stinger Launch Effects Simulators, maintenance trainers and chemical detector trainers are programmed for delivery to the Army Guard as part of the $53 million package.

We are developing a training device initiative entitled "Guard Unit Armory Device Full-Crew Interactive Simulation Trainer (GUARDFIST)." This incorporates the interlocking training strategy of conducting full crew training at the garrison and local training area with a high technology training device that takes advantage of interactive video capability. It is anticipated that this device will keep up with future technology and be used into the 21st century. Current initiatives are aimed at armor and artillery crews, dubbed GUARDFIST I and II, respectively.

Another effort to improve Inactive Duty Training effectiveness involves upgrading and expanding local training areas to offer the best opportunity for tactical training close to home. It is designed to maximize time, fuel and ammunition, but reduce wear and tear on equipment. It provides effective, economical training in peacetime and permits us to achieve our training standards while better utilizing time and resources.

Establishment of Army National Guard Regional Training Centers (RTC) in densely populated areas would further enhance increased levels of training and maximize efficient utilization of training resources. The Ft. Dix, New Jersey RTC is a prototype facility, programmed for construction in FY 86, that will provide a multipurpose unit training location. The RTC will help sustain soldier skills and develop the crew, squad and platoon proficiency required to operate the newest of the Army's weapon and maintenance systems. It will also incorporate high technology training devices on hand and those currently being developed to train combat, combat support and combat service support personnel and units. The center will be flexible enough to accommodate future improvements in state-of-the-art training devices.

Studies have recommended establishment of Regional Maintenance Training Sites (RMTS) to provide maintenance MOS skill transition and sustainment training during peacetime. This training will enable the mobilization and deployment of RC maintenance companies capable of supporting current and force modernization systems. The Army National Guard has been assigned proponency for fourteen sites which will be collocated with Mobilization and Training Equipment Sites/Unit Training Equipment Sites. The first two RMTSs will be operational during FY 86.

Our hospital units currently train with limited amounts of inadequate equipment, different from that which they would be expected to use upon mobilization. Establishment of Army National Guard Medical Regional Training Sites is one solution to the problem, and essential if our hospital units are to have access to medical equipment sets currently being procured for them. Each Army Guard Medical Regional Training Site would provide storage, maintenance and collective training support for one complete set of modern field hospital equipment. Units would utilize the equipment to conduct section and unit training in a field environment during annual training and could move it to their armories for training during weekend training assemblies. By establishing Army National Guard Medical Regional Training Sites, individual soldier skills and unit training will be markedly improved, thus enhancing the readiness of our sixteen hospital units. Funding of four sites has been proposed, with the first being constructed in FY 87 and becoming operational in FY 88.

AIR GUARD TRAINING SUPPORT

Our flying units make significant contributions to the Air Force as a by-product of realistic training. We participate as full partners with other components in overseas deployments, Joint Chiefs of Staff and Air Force training exercises and Air Guard sponsored Composite Force Training exercises.

Our overseas deployments temporarily move entire flying units to theater locations along with ground support personnel, civil engineering, tactical control and combat communication units. Such deployments furnish the Air Guard with realistic and valuable theater specific training.

The Air National Guard has tested several deployment concepts in order to validate wartime capabilities and maximize training dollars spent. For example, we recognize that air refueling assets will be extremely limited during wartime. Therefore, we continue to use an island-hopping deployment concept, moving a squadron from the Continental United States to Europe without air refueling. We successfully conducted such a deployment in FY 84, when we moved 12 A-7s from Michigan to Italy without air refueling. We believe this type of deployment is extremely important, considering the likelihood of limited aerial refueling during contingency operations.

In FY 84, the Strategic Air Command specifically requested support from tanker units that had been equipped with the new JT-3D engine. The improved performance capability of the reengined aircraft allows operation from shorter runways, which are typical in the European theater. The reengined KC-135 can also carry (and offload during air refueling) more fuel over longer distances; in several cases, one reengined KC-135 replaced two older model tankers in refueling fighter aircraft deploying to overseas locations. I thank the

Congress for their support over the last few years in providing the necessary funding to allow us to complete the KC-135 reengining program.

In the Southern Command region, the Air Guard maintains four A-7s on station at all times in defense of the Panama Canal. Our A-7s are supported by reengined Air Guard KC-135s, which we now use for these missions instead of the C-130. These reengined tankers allow us to not only perform aerial refueling, but also to move more personnel and equipment than with the C-130. We also maintain two Aircraft Control and Warning Radar units in defense of Puerto Rico, and we support airlift requirements throughout Central and South America with six C-130 aircraft, a mission we share with the Air Force Reserve.

In the past year, Air National Guard Tactical Airlift units provided support for 370 missions to Joint Airborne/Air Transportability Training (JA/ATT), an interservice program for the wartime application of airlift. In this program, the various services and the Air Guard jointly develop common procedures for combat operations in order to attain and maintain wartime readiness.

The Air National Guard also supports the Army in exercises throughout the world. Joint training programs, such as at the National Training Center, Fort Irwin, California, provide joint training experience for both the Army and the Air National Guard.

To further the ANG fighting capability and familiarize our Air Guard personnel with joint operations, Composite Force Training exercises are conducted throughout the year. These exercises are sponsored and planned by Air Guard flying units, Permanent Field Training Sites and active Air Force units. These exercises encompass all mission areas of the Air Guard and are developed for the specific purpose of providing realistic training for all participants.

As a further measure of the Air National Guard's global readiness and realistic training received, 12 Tactical Fighter and Reconnaissance units participated in eight overseas deployments to Germany, Norway, Italy, Turkey, England and Hawaii in FY 84. Three of these deployments were joint deployments where two or more units deployed together. This approach has reduced airlift costs, since the units share equipment and resources. Fourteen Fighter/Reconnaissance units are scheduled to participate in nine overseas deployments in FY 85.

Also in FY 84, two Air National Guard Air Defense units deployed with an active Air Force unit to Iceland to provide air defense coverage of the North Atlantic. During the course of the four-week deployment, Air Guard interceptors responded to 22 air defense active air scrambles and intercepted seven Soviet Long Range Bear bombers. Air National Guard RF-4s also fly real-time special reconnaissance missions to provide intelligence of certain sensitive areas.

In recognition of the increasing importance of electronics combat, the Air National Guard has developed a long-term project to design, build and employ low-cost electronic warfare simulators. These simple, but effective, radar transmitting devices were deployed to Air National Guard gunnery ranges throughout the United States and were used in large-scale exercises in support of readiness training for both Air Guard and U.S. Navy and Marine Corps aviators.

As a final example of our contribution to the Total Force and our nation, The Director of the Air Guard recently had the honor of pinning astronaut wings on two Air Guard members. We currently have four astronauts, three of whom are Air Guard pilots and one who is a weapon systems officer. The three pilots have been on Space Shuttle flights, and the weapon systems officer will be on an upcoming flight. These professional airmen represent the high caliber and commitment of all of our over 105,000 Air Guard men and women. The nation can be proud of their dedication to readiness and willingness to serve as members of the modern militia. They are truly Americans at their best.

READYING/MOBILIZING THE ARMY GUARD

We experienced an overall readiness decline of two percent for FY 84. Although military occupational skill qualification, available personnel and training readiness ratings improved, equipment on hand readiness fell two percent, causing the overall decline. We are in a dynamic period. More high priority missions are being assigned to the Army National Guard, which causes changes in the force structure and implementation of force modernization programs to ready the force to meet these new challenges. Although all readiness factors are affected by this change, the greatest impact is in the area of equipment on hand.

The readiness rating provided from unit status report data is only one of many indicators of total mission capability, others being modernization, force structure and sustainability. As the Army National Guard replaces old items of equipment with new ones, unit capability is increased. However, there is no current system to measure and report these capability increases. For example, an armor unit which receives the new M-1 tank may not change its readiness condition; however, its fighting capability has expanded significantly. We are working with the Active Army to develop such a measuring tool.

The ability to rapidly mobilize our forces and effectively move them to planned locations remains a matter of serious concern to us. Training of our mobilization planners is now a reality, with the initiation of the needed Mobilization Planners Training Course. This course will fill an obvious void in our planning effort and will produce more functional plans by ensuring that thoroughly knowledgeable planners are in the program.

We will continue increasing the number of units that participate in mobilization exercises. Our goal for FY 85 is to evaluate 100 percent of units selected for FY 85 Overseas Deployment Training by conducting Mobilization and Deployment Readiness Exercises. That goal should be achievable, and has been reestablished for FY 86.

In FY 84, more than 450 mobilization exercises were conducted and more than 500 are planned for FY 85. Although these exercises are a successful means of evaluating our mobilization preparedness, funding is available only for early deploying units. Therefore, we are currently unable to evaluate over 60 percent of our combat divisions, 50 percent of separate brigades and 100 percent of armored cavalry regiments.

READYING/MOBILIZING THE AIR GUARD

I am proud to report that again in 1984, Air National Guard units successfully demonstrated their capability to perform their wartime mission during Operational Readiness Inspections. These inspections are conducted using realistic wartime scenarios that inject stress and require unit commanders and staff to make decisions that closely approximate what would or could be done in an actual wartime environment. The majority of Air National Guard units, including Flying, Combat Communications and Ground Tactical Air Control units, now deploy from their home stations to Air Guard Field Training Sites and other locations for their inspections. These deployments accentuate mobility, training and experience in unit operations in unfamiliar environments and have materially enhanced unit readiness and capability.

FAMILY AND EMPLOYER SUPPORT

The families, employers and the American public in general must understand that the National Guard carries a major portion of the defense of this nation. Increased participation in National Training Center rotations, JCS exercises and overseas deployment training serve as examples of expanded training required of many units. Our personnel often find it necessary to train beyond the normal two-week annual training period and forty-eight training assemblies per year. As a result, the potential exists to strain family and employer relationships. Acknowledgment of the moral support of families and economic support of employers during these extended training periods must, therefore, be made. The role of the National Guard in the defense of this nation is increasing, and the continued support and understanding of families and employers toward the citizen-soldier is vital to the success of that effort.

ARMY GUARD SUMMARY

Leadership is the Army theme for 1985. Army National Guard leadership must exercise a high degree of motivation and sensitivity to strike a balance between the military requirements and civilian obligations placed on our citizen-soldiers. This is especially important in light of the increased reliance being placed on the Guard for National Security and the effect this could have on every aspect of each soldier's life. Our leadership, at every echelon, must set an example of military professionalism to be emulated by all who serve within our sphere of authority. The exercise of leadership by Army National Guard officials must take the form of providing sound management and enthusiastic support of those programs designed to protect our nation and people.

Our role in the Total Force is vital to our nation's defense. The overall picture for the Army National Guard through the remainder of the decade is a positive one. We have achieved goals beyond our expectations. There is a great deal yet to be accomplished, but I believe we are equal to the challenges ahead, for only with new challenges can we continue to grow and strengthen.

AIR GUARD SUMMARY

The Air National Guard has proven to be an integral part of the Total Force. The Air Guard exists to support U.S. foreign policy and national security objectives, while providing a state militia uniquely qualified for local disaster and public safety missions. Our responsibilities are truly global, national and local, and each offers its own set of challenges for the future.

The Air National Guard is ready to meet these challenges. The capability of our citizen airmen to respond to the most demanding wartime missions is a matter of record. We appreciate the continuing strong support of the Congress. That support has permitted the Air National Guard to continue modernization and to make significant progress toward our goal of strength through readiness.

Senator WILSON. Thank you very much, General.

We will hear next from Maj. Gen. Herbert R. Temple, Jr., Director of the Army National Guard.

STATEMENT OF MAJ. GEN. HERBERT R. TEMPLE, JR., U.S. ARMY, DIRECTOR OF THE ARMY NATIONAL GUARD

General TEMPLE. Thank you, Mr. Chairman.

My statement will be a brief synopsis from the prepared statement.

Let me begin by expressing to you my appreciation for the opportunity to appear before you on behalf of the over 430,000 men and women in 54 States and territories of the Army National Guard.

In fiscal year 1984, as General Walker pointed out, we reached the highest strength ever achieved in the history of the Army Guard.

In 1986 we are requesting an end strength of over 450,000 which will put us at just over 96 percent of our wartime required strength, an increase from the 93.4 percent of wartime required strength achieved at the end of fiscal year 1984.

The quality of our personnel continues to be excellent as nearly 69 percent of our nonprior service accessions were high school graduates and just under 7 percent were test score category IV accessions.

Our requirements for full-time support continue to grow as increasing demands are placed upon the Army National Guard to perform a larger role in our Nation's defense. The workload for additional military technicians in activities performing essential support functions exists.

We would have attempted to increase military technician growth in the fiscal year 1986 President's budget, but were requested to operate in a constrained environment for civilian end strength.

We are requesting an increase of 10,096 active Guard/Reserve personnel in fiscal year 1986. The increased requirement for AGR's, as they are called, is driven by the necessity to prepare and train 3,083 company size units for the wartime mission.

In the force structure area, you may recall that we reactivated the 35th Division during August of last year. Organization of the 35th continues as we look to the reactivation of another National Guard division with a long history of service to our country.

In 1986 we will reactivate the 29th Division as one of the Army's new light divisions. The nucleus of the 29th will be the 58th Brigade from Maryland and the 116th Brigade from Virginia with the remaining assets coming from those two States.

Reactivation of the 29th means that of the Army's total of 28 combat divisions in 1986, the Army National Guard will have 10. We will also contribute to the divisional force structure of seven active Army divisions in 1986 through our roundout program.

Our training programs continue to provide meaningful and challenging training to our soldiers. We are sending five battalions to the National Training Center this year. Our Key Personnel Upgrade Program continues to expand our opportunities to train with the Active component at the National Training Center, with forward deployed units at Reforger, and in exercises throughout the world.

In essence, our soldiers are performing the very same tasks as Active component soldiers at the apex of the Army training spectrum.

You no doubt have heard about our exercise Blazing Trails in Panama. This engineer training exercise has been enthusiastically received by the participants and ranks with the finest training ever conducted by the Army National Guard anywhere.

Over 10,000 Guard personnel will have trained in Panama in 1985 carving base camps out of undeveloped areas, landing equipment across the shore, moving heavy engineer equipment through rugged terrain, and building over 28 kilometers of road in a remote part of Panama. Exercise Blazing Trails will rate as our most challenging training exercise.

Equipment shortfalls continue to have the greatest impact on the readiness of the Army Guard as is true with the Active component. Based on dollar value, the Army Guard inventory of major items of equipment was at 61 percent of wartime requirements at the end of fiscal year 1984. However, modern equipment continues to flow into the Army Guard.

In 1985, three more battalions will be getting the M-1 tank which will bring the total in the Army Guard to four. We will also be receiving more Bradley Fighting Vehicles, improved TOW vehicles, M-60A3 tanks, AH-1S helicopters, and Chaparrals. We will be receiving a total of over $2.2 billion worth of equipment from the Army in fiscal year 1985 and fiscal year 1986.

Projected equipment procurement for the Army Guard totals $3.2 billion in fiscal year 1985 and fiscal year 1986. Actions taken by Congress to improve the equipment posture of the Army National Guard over the last several years have been very helpful and very much appreciated. I know I speak for all members of the Army Guard in thanking you for your support and it is my privilege to do so.

In conclusion, I would once again like to express my appreciation for the past support you have given the Army National Guard. Your continued support will enable us to assume an even greater role in our national defense.

I am now prepared to answer your questions.

[The prepared statement of General Temple follows:]

PREPARED STATEMENT BY MAJ. GEN. HERBERT R. TEMPLE, JR., DIRECTOR, ARMY NATIONAL GUARD, DEPARTMENT OF THE ARMY

INTRODUCTION

Not since that fateful April day in 1775, when the militia at Lexington "fired the shot heard 'round the world," have the citizen soldiers of the United States been so essential to the security and preservation of our nation's liberty. The early militiaman lived with the reality that, at any time, he might have to leave the peace and tranquility of home and labor for the battlefield, with little or no time for fitting and drilling before the fight. We have come full circle, for today's Guardsman must prepare for a similar reality as he trains for the battles of the future.

The reliance upon the Army National Guard as an equal partner in the Army, assuming roles and missions comparable to active Army elements, has cast the Guard into a position of importance to our nation never experienced by Guardmembers of the past. Until recently, veteran Guardmembers' visions of mobilization and deployment were a replay of World War II, Korea and Vietnam. Mobilization procedures, movements to mobilization sites, personnel and equipment fills, post-mobilization training to those levels never experienced in peacetime training, and then leave and fond farewells were often both our memories and expectations.

Regrettably, the Guardsmen and women of today's modern force may not have the luxury of a slow or ponderous mobilization and preparation before they are expected to step onto the most deadly, vicious and demanding battlefield upon which Americans will have ever fought. Of course, today we continue to plan and refine our mobilization procedures so that we might effectively squeeze every available hour to prepare our soldiers to fight and survive. But the leaders of our Army and National Guard know full well that the rapid pace of events, scarcity of resources, and worldwide contingencies will severely constrain our potential to adequately prepare our soldiers after mobilization.

Our efforts, therefore, to improve readiness during peacetime face their greatest challenge ever: to provide meaningful realistic training that makes optimum use of time, our greatest resource, and optimum use of people, our greatest asset. This training, however, does more than prepare our soldiers for the rigors of the future. It also helps us assume the increased responsibility being placed on us for the defense of our country and the resources entrusted to us. We have made a personal and professional commitment to our national and state leadership, to Guard members and their families, and to all Americans, that the public's trust and confidence in the National Guard not be misplaced.

Today's Army National Guard is unequalled in the 348 year history of the American militia. Its professionalism and military capabilities are reaching new heights and achieving acclaim throughout the world. It is moving onto center stage among the world's most respected military forces, through aggressive tactical training and by assuming worldwide training missions. Our personnel are found throughout the world demonstrating their skills and dedication to our nation and to foreign observers, friend and adversary alike.

National Guard personnel train side by side, with our Total Army partners, reaching, and at times, exceeding the professional standards established by the Army. We benefit from our close association within the Total Army, never failing to seek advice and assistance from our Army partners. Seldom will one find a military observer of the Guard who is not impressed with the Guardmember's desire to learn, achieve and often surpass the highest standards of the Army. This total commitment by our soldiers makes the sense of responsibility ever more demanding upon our leaders.

What follows is a detailed discussion of how resources have been and will be used to accomplish our Federal mission and a brief discussion of our state mission. The Federal mission is primary but it is the state mission which causes the National Guard to be unique among the Reserve Components.

STATE MISSION

Fiscal year 1984 was another active year as the National Guard continued to respond to emergencies throughout the states and territories and assist in the preservation and protection of life and property. This year our personnel responded to 391 call ups in 49 states and territories, continuing a trend to utilize the training and expertise of our forces to assist civil authorities during all types of emergencies. Weather extremes ranging from snow storms and severe cold to tornados and flooding caused the majority of call ups. Forest fires and volcanic eruptions also required the help of citizen soldiers. The human element was most prevalent in assistance that required containment of oil spills, housing of the homeless, and search and rescue missions. Our support to drug enforcement agencies continued as an increasing number of states engage in the task of marijuana eradication and other illegal substance suppression efforts. Nearly a thousand of our personnel were called to state active duty from California and surrounding states to assist civil authorities by providing aviation and other logistics support during the Games of the XXIII Olympiad in Los Angeles.

Requests for specialized equipment and personnel, in a variety of missions, continue to reflect confidence in and public acceptance of the National Guard as a professional emergency force available to protect the citizens of the United States and its territories.

FEDERAL MISSION

ORGANIZING THE GUARD

Forty-six percent of the combat units and thirty-seven percent of the support forces within the Total Army are provided by the Army National Guard. Major unit contributions to the Total Army force structure include nine divisions, fourteen separate brigades, four armored cavalry regiments, an infantry scout group, two special forces groups, five roundout brigades, and seven roundout battalions. Roundout units provide the force structure, essential to an Active Component division, to fill its total organizational requirement.

In FY 85, Army National Guard force structure actions will include continued organization of the 35th Infantry Division (Mechanized), headquartered at Fort Leavenworth, Kansas. The 35th Division is made up of units from Colorado, Kansas, Kentucky, Missouri, and Nebraska. Reactivation of this division began on August 25, 1984 when the headquarters company was organized. The Division Support Command/Divisional Materiel Management Center, the divisional engineer battalion headquarters, and the divisional signal battalion headquarters will be organized in FY 85. Organization of the Army's only Mountain Battalion in the Army National Guard will be completed in FY 85. This unit, a uniquely organized infantry battalion designed and equipped to operate in mountainous and high alpine terrain, will be the first such unit in the Total Army since the conclusion of World War II. The Mountain Warfare School has been activated at Camp Ethan Allen, Jericho, Vermont to support the battalion and further serve as the focal point for mountain training in the Army National Guard.

The 41st Infantry Brigade, Oregon Army National Guard, roundout to the 7th Infantry Division, will change to roundup status in FY 85. This change was caused by the conversion of the Active Army's 7th Infantry Division to a light infantry division. As a roundup brigade, the 41st will retain its current resourcing priority and maintain its former training relationship with the 7th Infantry Division. However, it will become a corps asset rather than a divisional unit.

In September 1984, Department of Army announced that two more light infantry divisions will be added to the Active Component force structure, commencing in FY 85. Both divisions are slated to be completely structured by the end of FY 88. These are the 10th Infantry Division (Light), which will be based at Ft. Drum, New York, and the 6th Infantry Division (Light), which will be located in Alaska. Both divisions are programmed to have Reserve Component roundout brigades. The Army National Guard provided its recommendations for roundout to Department of Army in October 1984. The decision on roundout for the first Active Component division to activate, the 10th in FY 85, will probably be made in February 1985. The decision on roundout for the 6th will be made at a subsequent unspecified date.

If the decision is made to roundout the 10th Infantry Division (Light) with an Army Guard brigade, then the number of roundout brigades in the Army National Guard will remain at five in FY 85. Also, in FY 85, the number of roundout battalions will be seven, unchanged from FY 84. Currently 27 activations and 263 conversions of Army Guard units are programmed in FY 85. During FY 85-86, many of these actions are linked to force structure modernization of our three existing heavy divisions and the formation of the fourth, the 35th Infantry Division (Mechanized).

In FY 86, we will begin organization of a new light infantry division through the consolidation of existing brigades. The new division will be the first and only light infantry division programmed for the Army National Guard, our tenth combat division, and will increase the number of Total Army divisions to twenty-eight. The two separate brigades selected to form the nucleus of the division are the 58th Infantry (Maryland) and the 116th Infantry (Virginia). Remaining force structure for the division will be organized through activations and conversions of existing units in Maryland and Virginia. The designation of the new division will be the 29th (Blue and Gray) Infantry Division (Light). Structuring of the division will be completed in FY 86, with the exception of the air defense artillery battalion, which is programmed to be activated in a subsequent year. The headquarters will be located at Ft. Belvoir, Virginia.

Other significant force structure actions during FY 86 will affect the continued organization of the 35th Division. The maneuver brigades will convert to an organic divisional organization, the Division Artillery will be activated and existing firing battalions will convert to divisional organization. Activation of the recently designed Combat Aviation Brigade will occur. By the end of FY 86, the 35th Division will have all of its structure with the exception of one armored battalion, its air defense artillery battalion, and a target acquisition battery.

The transfer of Active Component missions and equipment sets to the Reserve Components will continue in FY 86. Key actions include the activation of an engineer battalion (combat heavy) and an engineer company (combat heavy) in the Army National Guard. Cited actions are called Reserve Component Initiatives and can be expected to continue.

The roundout role for the 29th Infantry Brigade, Hawaii Army National Guard, roundout to the 25th Division, will change to roundup in FY 86 as the 25th Division converts to the light infantry division configuration. As in the case of the 41st Brigade, the 29th will maintain its current resource priority and training relationship with the 25th Division but will become a corps, rather than a divisional, asset. Consequently, in FY 86, the number of Army National Guard roundup brigades will increase to two. As cited previously, the 6th Infantry Division (Light) will be formed in the FY 86-88 time frame. If an Army Guard maneuver brigade is selected as roundout for the 6th, then the number of divisional roundout brigades will remain unchanged at five. A total of 80 activations and 92 conversions are programmed for Army National Guard units in FY 86.

MANNING THE GUARD

The Army National Guard completed FY 84 by posting one of its most successful years ever in terms of strength gains. During the year, we achieved our highest end strength in history, closing the year with 434,259 men and women. This increase of 17,081 from the end of FY 83 represents 100.3 percent of our programmed end strength, 99.8 percent of authorized strength, and 93.4 percent of wartime required strength. The end strength is composed of 41,847 officers and 392,412 enlisted personnel.

In 1956, Public Law 845 signed by President Dwight Eisenhower, allowed nurses to join the National Guard. In October 1971, the first two prior service women (other than nurses) enlisted in the Army National Guard. Beginning in May 1972, we extended our women's recruiting program to include enlistment of nonprior service women. By the end of FY 72 the number of Army Guardswomen stood at eighty six. Women have since joined the Army Guard in increasing numbers as evidenced by the strength figures for FY 84 which included 2,072 officers/warrant officers and 20,432 enlisted women. Initiatives taken to encourage female accessions include the FY 85 State Accession Mission which, for the first time, included a female nonprior service objective.

Minority commissioned/warrant officer strength at the end of FY 84 was 3,957 (3,495 commissioned; 462 warrant officers). This represents a fiscal year increase of 918 officers and 9.5 percent of the Army Guard officer force. The total for Black officers was 1,883 (1,737 commissioned; 146 warrant officers), 4.5 percent of total Guard officers. Female commissioned/warrant officer strength was 1,946/126, 5.0 percent of our total officer force. We remain committed to the goals and principles of minority officer participation within our officer force as originally established by the Minority Officers Recruiting Effort (MORE) Program in March 1978.

Commissioned and warrant officer strength reached 97.3 percent of our programmed objective for FY 84. Accessions from the Reserve Officers Training Corps (ROTC) accounted for 41.4 percent of total commissioned officer accessions. By FY 90, ROTC accessions are expected to account for over 50 percent of commissioned officer accessions. This will make ROTC the largest single-source for Army National Guard lieutenants. During FY 84, State Officer Candidate Schools (OCS) produced 31.6 percent of our commissioned accessions. Due to production constraints imposed by Department of Army, this percentage is expected to drop to 23 percent in the future. However, State OCS will remain a viable source to meet expanded officer requirements in the event of mobilization, for providing officers to geographically remote areas, and for furnishing enlisted personnel a means of upward mobility in the Guard.

Retention of first-term and career soldiers was an integral part of our historic end strength accomplishment in FY 84. The efforts of our expanded retention force, strength management education and training, command emphasis at all levels, resurgence of patriotism, and positive attitude toward military service enabled us to achieve 82.8 percent of programmed retentions during FY 84.

Quality of our enlisted force has steadily improved. In the last eight years, we have increased the number and percentage of high school diploma graduates (HSDG) while reducing the number and percentage of Test Score Category IV accessions. In FY 77, 61.8 percent of nonprior service (NPS) accessions were high school graduates and 14.9 percent of NPS accessions were Test Score Category IV. By FY 84, 68.8 percent of NPS accessions were HSDG and only 6.9 percent were from the lowest test score category. Enlistment standards have been raised in the last five years to improve the quality of our enlistments. In FY 79, we accepted all Test Score Category IV nonprior service enlistees. Starting in FY 84, the enlistment standard was changed so that only HSDG and high school seniors in Test Score Category IV could be accessed. High school seniors who fail to obtain their diploma must then qualify as Test Score Category III, or higher, accessions. Our personnel quality objective for FY 85 and outyears is to improve accessions by establishing standards that will reduce those categories of individuals that experience the highest attrition rates and least demonstrate potential for successful completion of training.

To achieve established end strength in FY 85 and FY 86, 438,383 and 450,496 respectively, numerous dynamic initiatives have been identified and implemented. The Director, Army National Guard, internally reprogrammed six hundred and one (601) personnel authorizations to expand the existing recruiting force, providing 24 percent growth in the Full-Time Recruiting Force (FTRF) during FY 85. An increase of 225 FTRF personnel is included in FY 86.

In FY 85, an additional 65 Active Guard/Reserve (AGR) personnel will be tasked with increasing the retention of trained personnel who complete their required term of service. With this expanded recruiting and retention force, an aggressive national advertising campaign, and a viable enlistment/reenlistment/educational assistance bonus program, we are confident we can attain programmed FY 85 and 86 end strength.

Officer/Warrant Officer Development

As the Army National Guard plays an increasing role in the national security structure of our nation and its allies, we must prepare our leaders to provide the intellectual and professional leadership for what is one of America's most significant military forces. We are on that path through civilian and military education.

We have continued to raise standards for appointment, promotion, and retention of both commissioned and warrant officers. New policies for military and civilian education requirements mirror the intellectual quality today's modern Army requires of the officer corps. Today's Army National Guard officer education profile shows 53 percent of commissioned officers have a baccalaureate degree or higher. In order to increase this educational level, we have implemented the following changes to the civilian education requirements for commissioned officers: a. all of our commissioned officers are required to complete at least two years of college or, its equivalent, by 1 October 1989; b. all State OCS graduates must have two years of college prior to appointment starting in 1989; c. all officers appointed after 30 September 1983, are required to have a baccalaureate degree before promotion to major. Resident requirements for military education now result in 100 percent Basic Course attendance compared to approximately 65 percent one year ago.

The educational goal established for our warrant officer corps is achievement of an associate degree. Currently 45 percent possess this level or higher civilian education. Warrant officers provide the technical skills necessary to maintain, administer, operate and supervise our increasingly sophisticated systems. In order to ensure that our 8,805 warrant officers keep pace with the Army's new technology, systems, and overall force integration, an extensive Professional Development Program will continue to demand strict military education requirements for appointment, promotion, and retention. During FY 85, a new warrant officer appointment procedure will be developed for the Army National

Guard. When implemented in early FY 86, the combination of a general knowledge entry course, coupled with technical certification, will result in higher qualifications and meet both current and future requirements of the Total Army.

To assist our officer corps in achieving these new educational requirements, we have implemented the Assistance for Military Professional Development (AMPD) Program. Currently providing educational assistance to our officers and officer candidates, this new initiative allocates military education funds to each state for use in defraying 75 percent of tuition and laboratory fees identified by the school at the time of registration. AMPD tuition assistance is only available to drilling Army National Guard officers or officer candidates not receiving tuition assistance from any other source, i.e., GI Bill. The policy of providing 75 percent tuition assistance for these personnel under AMPD is intended to coincide with support provided to our AGR personnel under the Army Continuing Education System (ACES).

Additionally, Department of Army has extended the ACES Program to the Reserve Components beginning 1 October 1985. The program will provide educational assistance to all Army Guard personnel in their pursuit of continuing education.

Full-Time Support

Our Full-Time Support program consists primarily of a combination of Active Guard/Reserve (AGR) full-time military members and Military Technicians. Together, the AGRs and Technicians perform essential services without which the Army National Guard would have no continuity of operations and could not be effective in accomplishing the required training, supply, maintenance, administration and management to meet federal missions. Full-time support of units and support activities is a critical element in supporting the growth in strength and modernization of the Army Guard. The Full-Time Support Program is the "Backbone" of the Army National Guard.

For the past several years, much emphasis, including the programing, budgeting, authorization, and appropriation of resources has been given to increasing the readiness of the Army National Guard to perform newly assigned missions. The increased strength, new units, and great amounts of new equipment being delivered to the Army National Guard have greatly increased full-time support requirements. To keep pace with these requirements, we are requesting an increase of 10,096 AGRs in FY 86, bringing our total to 30,679 at year end. The requested increase in AGRs supports our highest priority requirement of providing full time manning for our combat and combat support units. There is also a need for additional technicians to support increased requirements for supply, maintenance, and administrative functions.

We have found, through experience and analysis, that AGR personnel are better suited for providing full-time support to units, whereas, military technicians are best suited for employment in support activities, including headquarters, supply and maintenance. To derive maximum benefit from our full-time support assets, there is a need to separate the functions of AGRs and Technicians by aligning each to those responsibilities that are in concert with the purpose of each program. We have not implemented such a realignment because of a possible conflict with Congressional language prohibiting the movement of technician positions to support activities. We would like Congress to revise the language prohibiting the movement of technician positions and allow us to implement a mix of the force established by Congressional direction in 1982.

EQUIPPING AND SUSTAINING THE GUARD

Although equipment shortfalls remain, never before in our history have Guardmembers been better equipped in peacetime. Not only does the current equipment picture give us confidence in our quest to provide adequately equipped units capable of mission accomplishment, but the prospects for the future give evidence of significant enhancement to our inventories in nearly every category of equipment.

Ground Equipment

Department of Army has initiated plans to accelerate delivery of modern equipment to the Army National Guard. At the end of FY 84, our tank force consisted of approximately 2900 main battle tanks. FY 85 heralds a number of changes and initiatives that will significantly benefit the Army National Guard. Planned delivery of 180 M1 tanks in FY 85 will increase this modern system in the Army Guard to a total of 240. Department of Army has proposed increased fielding of M60A3 tanks to the Army National Guard during the FY 86 - FY 92 time frame. If adopted, all armor units will have 100 percent fill of M60A3s and M1/M1A1 tanks by the end of FY 92.

Accelerated fielding of Field Artillery systems is continuing. As an example, M198 (155mm towed howitzer) fielding was accelerated to units in New Hampshire, Missouri, and Rhode Island in FY 84. TACFIRE, Battery Computer System, and FIREFINDER fielding have met with repair parts and maintenance support problems which have hindered attempts to accelerate the fielding of these systems. Current staff actions in the areas of upgunning current 105mm units to 155mm weapons and fielding of the Multiple Launch Rocket System in our units have demonstrated the Army's desire to accelerate modernization efforts for the Army Guard.

In FY 84, equipment worth $796 million was distributed to the Army National Guard by Department of Army. Based on current plans, $1.045 billion worth of equipment will be distributed to the Army National Guard in FY 85. This will include such major items of equipment as the M1 tank, Bradley Fighting Vehicle, Improved TOW Vehicle (ITV), M198 Howitzer, Chaparral, and AH-1S Cobra Attack Helicopter. Department of Army procured over $900 million worth of equipment for the Army National Guard in FY 84 and projects procurement of equipment worth $1.7 billion in FY 85 and $1.5 billion in FY 86. This equipment will be delivered in the FY 85 - FY 89 time frame.

Congress continued to strongly support equipment procurement for the Army National Guard in FY 85. An appropriation of $150 million was provided for the Army Guard to procure equipment, continuing a practice which began in FY 82. Through FY 85, Congress has provided the Army Guard with appropriations totalling $350 million specifically for equipment procurement. We have utilized these appropriations, in coordination with the Department of Army staff, to improve the equipment posture of our early deploying units. The $150 million provided in FY 85 will procure Armored Personnel Carriers, M198 Towed Howitzers, Improved TOW conversion kits, TRITAC communications equipment, electronic shop shelters, 5 Ton Cargo Trucks, and Commercial Utility Cargo Vehicles.

Congress has also directed Department of Army to procure equipment for the Army National Guard from its Procurement Army appropriations. As a result, Department of Army will procure AH-64 and UH-60 helicopters, C-12 aircraft, Chaparrals, and ITVs for the Army Guard with funds appropriated in FY 85. Funds were also provided in FY 85 for the upgrade of AH-1G helicopters to the AH-1S COBRA/TOW configuration. Since FY 78, Congress has directed procurement of over $600 million worth of equipment for the Army National Guard from Department of Army appropriations. This $600 million added to the $350 million mentioned above totals to over $950 million worth of equipment provided to the Army National Guard as a result of Congressional initiatives since FY 78.

Obviously, the purpose of this significant influx of resources to the Army National Guard is to reinforce our nation's reliance on the Guard as a key element in national security. Nevertheless, we remain critically short of equipment which we view as essential to permit our soldiers to adequately conduct sustained combat operations.

Aviation Equipment

We have a present requirement for 493 attack aircraft. There were 144 AH1 attack aircraft on hand at the end of FY 84 with an additional 75 projected for fielding by the end of FY 86. Of these 75 additional aircraft, 23 are being delivered as a result of directed procurement actions by Congress in prior years and 52 are being transferred from the Active Component. This will increase the total number of AH1 attack helicopters in our inventory to 219. Funds were appropriated in FY 84 and FY 85 to convert 58 of 87 AH-1G aircraft, transferred to the Guard from the Active Component, to the AH-1S COBRA/TOW configuration. Department of Army is requesting funds in FY 86 to convert the remaining 29 AH-1Gs to the AH-1S COBRA/TOW configuration. When the conversion of the 87 AH-1Gs is complete, all 219 attack helicopters in our inventory will possess a TOW/anti-armor capability. In FY 86, we will have a shortfall of 277 attack aircraft. These shortages will be alleviated as the production of AH-64 aircraft for the Active Component causes a displacement of additional AH-1S helicopters to the Army National Guard. The 18 AH-64s, provided by Congress from FY 85 procurement, are scheduled for fielding to an attack battalion in the North Carolina Army National Guard. The selection of the North Carolina unit was based upon its readiness, its corps mission, and its geographic proximity to the non-divisional aviation intermediate maintenance company at Fort Bragg, North Carolina. Fielding of the AH-64s is scheduled to begin in FY 87.

Six C-12 aircraft, provided to the Army National Guard from Congressionally directed FY 85 procurement, will expand our C-12 fleet to a total of eighteen. The influx of C-12 aircraft into the Army National Guard has provided improved command and control of geographically dispersed units. Additionally, it has permitted our leadership to more actively participate in Army programs employing an economically sound method of transportation. It has also provided for redistribution of aircraft throughout the Army National Guard, providing needed aviation assets to states which previously had been denied a reliable command and control capability.

C-12 aircraft are to be used in a regional support role with a selected state responsible for regional support in accordance with the following priorities: Support of the managing state Adjutant General, regional support for other state Adjutants General, support of the managing state staff, support for other regional state staffs, and support for Active Component and other Reserve Component personnel on a reimbursable basis for operating costs.

We operate a fleet of 72 CH-54A/B helicopters which provides our heavy lift capability. The projected phase-out for the CH-54s has been established as the year 2000. In order to maintain these as deployable, supportable, and mission capable systems, several actions are required. These include increased repair parts procurement, product improvement applications for sustainability, depot level repair of the airframes, and an avionic/electronic upgrade. The latter is required to maintain communications compatibility with the more modern Army aircraft. The CH-54 can, with these required improvements, continue to prove worthy of its appropriate nickname, "The Flying Crane".

Air Defense Equipment

We are currently organized with eight battalions of M42 (Duster) Air Defense Artillery (ADA) units, supporting the eight divisions which currently have ADA organizations, and one U.S. Roland battalion, the only unit of its type in the Total Force. The present force modernization plan replaces our Duster units in the FY 85 - FY 90 period. Initially this will be accomplished by converting four Duster battalions to Chaparral and the other four battalions to Stinger organizations. The Chaparral fire units will be fielded from Active Component draw down and other Army inventory for the first and second battalion conversions. The third and fourth battalions are scheduled to be equipped with new equipment purchases. One Duster battalion began its transition to Chaparral in FY 84 and will complete the process in FY 85. The second Duster battalion will begin conversion in FY 85. The Stinger units will be equipped initially with training devices only; subsequently, they will receive the new Lightweight Air Defense System (LADS). Our ADA force will be increased in the future by the activation of six additional divisional battalions, two units for the newest Guard divisions and four units to provide backfill for the Chaparral units. Chaparral units will become corps level battalions when the divisional units are activated to replace them. All divisional ADA units will eventually be fielded with the new LADS. Our ADA force will then consist of ten divisional battalions, four corps Chaparral battalions, and one U.S. Roland battalion. Additionally, three Hawk battalions are to be activated in the Army National Guard for corps missions utilizing equipment displaced from Active Component units.

Modernization of our air defense capability has been among our highest priorities. The aggressive actions taken by Department of Army leadership to resolve this matter are another indicator of the Army's reliance upon the Army National Guard. It further recognizes our ability to effectively employ sophisticated weapons systems as part of Total Force contingency plans.

Communications-Electronics Equipment

In 1982, we conducted a Communications-Electronics Equipment Study which identified problems in the areas of interoperability, compatibility, and supportability. These problem areas were identified to the Army Signal Center, Training and Doctrine Command, Army Materiel Command, Communications-Electronics Command, and Department of Army. Two major interoperability concerns were: (1) first generation multichannel Frequency Division Multiplex (FDM) equipment in our signal battalions and separate signal detachments, and (2) manual switching equipment found throughout our force structure.

Another major equipment issue which has now been identified is Communications Security (COMSEC) for combat net radios in our units. This is an area of critical importance to combat and combat support units. Although VINSON COMSEC equipment is now critically short, it is being fielded and the fielding pace will accelerate over the next two years. However, COMSEC for our forces will remain a critical issue due to the significant shortfall that will remain.

Tactical automation is now programmed by the Department of Army for issue to approximately one-third of all of our battalions. Initially, tactical automation will be provided down to battalion level in the form of Tactical Army Combat Service Support Computer Systems (TACCS). TACCS will complement previously fielded Decentralized Automated Service Support Systems (DAS3) and will increase productivity in all areas of combat service support.

Since the previously mentioned FY 82 study, we have utilized equipment procurement appropriations provided by Congress to procure over $125 million worth of modern, state-of-the-art communications equipment. Coupled with earlier Congressionally directed procurement from Department of Army appropriations, we will receive distribution of approximately $250 million worth of modern communications equipment in the FY 85-87 timeframe.

Signal force structure and signal architecture actions initiated by Department of Army will push our signal structure and equipment posture into a position of being fully interoperable and compatible with the Active Component by the end of FY 92. The capability of our signal units and signal equipment within combat and combat support units, to meet commander's communications requirements, is rapidly improving. Of special importance for future capability are the results of Battlefield Communications Review II. This strategy equips the Army National Guard simultaneously with the Active Component on a theater and corps set basis.

This is one of the most important developments in signal planning and programming to date. It will result in a synchronized increase in Communications-Electronics readiness, sustainment, and force modernization in the Army National Guard, in concert with the Total Force policy.

Organizational Clothing and Equipment

The Organizational Clothing and Equipment (OCE) program has been underfunded for a number of years while requirements have continued to grow. Within the overall program of OCE, the most important area of concern is the status of Chemical Defense Equipment (CDE). We have pursued an aggressive program to purchase CDE for contingency and training stocks for the entire force. Limitations on funding, particularly during FY 84, and the nonavailability of some protective clothing and equipment items have slowed the progress toward achieving these goals. Shortages of CDE amounted to $66.6 million at the end of FY 84 and are projected to be $55 million at the end of FY 85. With the introduction of the new chemical defense battle dress overgarment and increased funding in FY 85, our chemical defense posture is improving. We will receive 50,000 sets of the battle dress overgarment in early FY 85 with an additional 250,000 sets programed for late FY 85 and FY 86. This should provide contingency stocks for two-thirds of our force while freeing up a significant number of current contingency assets for training purposes. Funding provided in the FY 85 budget and requested for FY 86 will support procurement of the Personnel Armor System Ground Troop (PASGT) helmet and vest, Combat Vehicle Crewman Uniform System and the Extended Cold Weather Clothing System. These are modernized systems which are scheduled for fielding to the Army National Guard beginning in FY 85. Significant quantities are expected to be delivered in FY 86.

Repair Parts

Our total repair parts resource requirement reflects maintenance costs directly related to the age of our equipment, to increased quantities of new and more complex equipment, and to the rate of equipment usage by our units to support year around training programs. Repair parts in short supply are high dollar value items such as combat vehicle/tank track, ballistic fire control components, artillery barrels, electronic equipment modules and circuit cards, rust repair components, engineer construction equipment parts, and those repair parts needed to support older models of equipment that are no longer in the Active Army equipment inventory. Funding for repair parts in FY 84 was approximately $7 million below the FY 83 funding level of $123.8 million. This reduced funding, caused by negative growth in the FY 84 Operations and Maintenance, Army National Guard appropriation, resulted in a significant year end FY 84 repair parts shortfall of $132.6 million. Funding for repair parts in FY 85 provides an increase of $72.3 million above the FY 84 level. This significant increase will enhance our materiel readiness program. The most notable improvement will be realized in the increased stockage levels of combat essential Prescribed Load List (PLL) and Authorized Stockage List (ASL) repair parts, reduced to almost zero balance levels during FY 84. Some repair parts shortfalls will continue in FY 85 due to significant increases in both equipment inventory and in the variety of makes and models of equipment to be maintained. The repair parts backlog at the end of FY 85 is projected to be $95.0 million. Repair parts funding requested for FY 86 provides an increase of $36.5 million above the FY 85 level. This increase will improve our materiel readiness program and equipment deployment capability. It will ensure that adequate quantities of repair parts are available to sustain day-to-day maintenance operations. However, significant shortages for PLL and ASL repair parts will continue in FY 86. The repair parts backlog at the end of FY 86 will be approximately $138.6 million.

Depot Maintenance

A series of depot maintenance programs designed to improve readiness is being initiated in FY 85, or continued from prior years, and is expected to continue in the future. Product Improvement Programs for modernization of combat vehicles continue with upgrade of M109A2 155mm self-propelled howitzers to the M109A3 configuration, anticipated to be completed in FY 85. The principal improvement resulting from this upgrade is creation of additional on board ammunition storage capacity. Conversion of the M113 family of vehicles to the A2 model, begun in FY 84, is expected to be complete in FY 89. Conversion to the M113A2 includes cooling and suspension improvements, required as a follow on to the replacement of gasoline with diesel engines, accomplished with the upgrade to the M113A1 configuration. The Coordinated Logistics Support Program was initiated with Communications-Electronics Command in FY 85 and provides improved direct exchange and repair and return to user programs for communications and electronics equipment. Additionally, we are heavily involved in a rustproofing program for all commercial and tactical wheeled vehicles in the inventory. The program is designed to extend the life and ensure availability of these vehicles for the foreseeable future at a cost of approximately $5 million per year. Programmed completion date for the current rustproofing program is FY 89.

We will implement or continue in FY 85 significant aviation depot maintenance programs which are designed to enhance the readiness of the aviation assets in our inventory. Funding was provided by Congress in FY 84 and FY 85 to convert 58 AH-1G aircraft to the AH-1S configuration. Initial delivery of converted airframes is anticipated in FY 86. An overhaul/modification program for OH-6 aircraft is scheduled for start-up in FY 85 at the Mississippi Army National Guard Aviation Classification and Repair Activity Depot (AVCRAD). This program will provide increased reliability and sustainability of the OH-6 aircraft. During FY 85, the OH-58 tail rotor and power droop improvement program will commence. These improvements will greatly increase the reliability and safety of the OH-58 aircraft. We will continue the U-8F aircraft engine modification contract with completion scheduled in FY 86. Cost savings resulting from painting aircraft at the AVCRADS rather than utilizing depot labor at Corpus Christi Army Depot have been in excess of $10 million since this program was instituted in FY 81. The FY 85 on condition maintenance program for the Army National Guard calls for the induction of 85 UH-1, 1 AH-1, and 19 OH-58 aircraft in Corpus Christi Army Depot for overhaul.

Military Construction/Facilities

The backlog of our construction requirements at the end of FY 84 rose an estimated $13 million to $813 million. Increases in this backlog will continue throughout FY 85 and FY 86, peaking at approximately $900 million. This will occur despite significant program growth in FY 85 and FY 86 over the FY 84 funding level. Growth in the construction backlog is a direct result of increased facility requirements to support our expanding force structure and identified shortfalls in training facilities needed to support assigned missions. Among the specific requirements are $22 million for new and modernized facilities for the 29th Infantry Division (Light), scheduled for activation in FY 86. The authorized $98.9 million FY 85 program will permit the construction of fifty major projects. In the FY 86 program request, sixty-seven major projects are proposed including construction of new facilities and modernization or replacement of inadequate, high-dollar contributors to the Backlog, Maintenance and Repair (BMAR).

At the end of FY 84, the BMAR was $59.2 million. For the first time ever, the FY 85 budget contains funding allocated specifically for BMAR reduction, which will cause the backlog to decrease to an estimated level of $52.0 million at the end of FY 85. The Congressionally mandated level of $15.0 million will be achieved by the end of FY 88 if funding, as programmed, is provided.

Our range modernization program is aimed at management of range design planning and construction. Additionally, the program will provide a means to meet the training needs generated by force modernization and upgrade existing facilities which have suffered from over a decade of underfunding. An Army National Guard Five Year Master Range Plan has been developed to interface with the Army's Master Range Plan. We are scheduled to receive the Remote Target System on a number of proposed ranges. These new ranges will be fully automated with modern target arrays which realistically portray threat formations and meet training task conditions. The Multipurpose Range Complex will satisfy gunnery requirements for the total family of weapons currently on hand and projected for the Army National Guard inventory.

TRAINING THE GUARD

We rely upon effective training to make our quality people and equipment work together as a team. We may never have all the resources we require, but we are doing everything in our power to ensure that our troops are as combat ready as possible with what they have. As a result, our training continues to be challenging, demanding, and effective.

Unit Training

In the future, we will continue pursuing our goal of "training up"--conducting combined arms training in our units throughout the Guard, at the level at which they will be required to fight. An example of the type of training we are advocating was conducted by the 40th Infantry Division (Mechanized), California Army National Guard, during FY 84 annual training. Sunburst II, a force-on-force combat scenario field training exercise (FTX), was conducted at Fort Hunter Liggett and Camp Roberts, California. This FTX brought the division together as a single unit for the first time in two decades. Although units participating in the exercise were mainly from California, some units convoyed with their organic equipment to the annual training site from as far away as New Mexico and Oregon. The exercise tested the ability of the division to control, move, administer, and supply all of its organic, attached, and many of the supporting elements with which it would go to war. Training with divisional and non-divisional units in the field made real the concept of a division as a combat unit. The unit commanders of the 40th Division, their staffs and unit personnel learned to conduct operations over distances and in real time as combat situations would dictate. This kind of realistic training is experienced only in an exercise like Sunburst II. Finally, the division realized it could operate as a whole regardless of the difficulties inherent in the situation, mission, or terrain and in spite of some shortfalls in personnel and equipment. Putting the value of Sunburst II in perspective, one of the brigade commanders stated, "without this level of exercise, brigades would never have the opportunity to experience the problems, develop solutions, and learn to operate as an element of the larger organization". Another commander noted, "In order for a division to fight as a division, it must train as one."

An exercise of this magnitude is not accomplished without extensive planning, coordination, and adequate resources. The division was overwhelmingly successful in both the planning and execution of the exercise. It was a remarkable achievement, indicative of what the Army National Guard can achieve and the type of training to which we aspire.

Army Guard participation in National Training Center rotations, exercises, and overseas deployment training (ODT) continues to be our most valuable source for realistic training in a simulated combat environment.

Within the last two years, two of our roundout battalions have experienced the rigors of training as part of a National Training Center rotation at Ft. Irwin, California. These units trained as an integral part of a brigade task force from their parent Active Component division. Lessons learned by these units during their National Training Center experience provide the basis for needed adjustments to their home station training strategy. Five of our roundout battalions will participate in National Training Center rotational training in FY 85 and three more will be challenged by this valuable training experience in FY 86.

Joint Chiefs of Staff (JCS) and Army Major Command (MACOM) exercise participation is designed to train units to evaluate standing operating procedures and war plan development; provide opportunities for CAPSTONE wartime mission training and to strengthen CAPSTONE relationships; train commanders and staffs in the Airland Battle doctrine in as realistic an environment as possible; exercise and evaluate personnel, administrative, logistics, and communications systems; and weld all elements - combat, combat support, and combat service support - into an effective combined arms force. During FY 84, 284 Army National Guard units and unit cells, involving approximately 13,000 personnel, participated in 14 major JCS/MACOM exercises in the Far East, Europe, Central America and the Caribbean. Forty-one units and unit cells participated in REFORGER 84, to include two battalions which shipped their equipment to Europe for the exercise. FY 85 plans call for participation by 318 units and unit cells in JCS/MACOM exercises. Deployment for REFORGER 85 will involve 51 units and unit cells, to include a mechanized infantry battalion task force and an infantry battalion, which will ship their equipment, and three company size units which will draw POMCUS (Prepositioning Of Materiel Configured to Unit Sets). Ninety one Army National Guard units and unit cells will participate in WINTEX 85, a JCS/NATO exercise conducted in Europe, and an infantry battalion will participate in BRIM FROST 85 in Alaska. Current plans call for participation by 394 units and unit cells in JCS/MACOM exercises in FY 86. This includes a mechanized infantry brigade which will deploy with its equipment for REFORGER 86.

Early 1984 marked the start of a unique Southern Command (SOUTHCOM) exercise called Minuteman. Exercise Minuteman I was a JCS approved, SOUTHCOM sponsored, combined task force engineer training exercise conducted on the western coast of the Azuero Peninsula, Republic of Panama. The exercise objective was to provide realistic, environmentally unconstrained engineer training, tropical medicine training and logistics over the shore training not available in the United States during stateside Annual Training. From 11 March to 5 May 1984, a total of 750 soldiers from the Puerto Rico, Louisiana, and Florida Army National Guard, the 193rd Infantry Brigade (Panama) and the Panama Defense Force joined forces to construct a 15 kilometer road between Llando de Mariato and Cerro Melena and to survey an additional 27 kilometers of road between Cerro Melena and Arenas. The achievement of this training objective is noteworthy in that Army National Guard elements landed in a totally foreign environment, established operational areas, and successfully completed a major engineer project in a short period of time. Troop support, security, administration, and resupply were also provided during the entire exercise period. This is one of the most remarkable training achievements ever realized by the Army National Guard. At the present time, Exercise Blazing Trails-85, the continuation of Minuteman I, is underway. The exercise objective is to repair and construct 43 kilometers of road and bridges. Engineer, logistical, medical, and security support are being provided by units from Alabama, Louisiana, Missouri, North Carolina, Puerto Rico, and Wisconsin. Public affairs detachments from Florida, Kentucky, New Jersey, and Texas are also participating. Exercise Blazing Trails-85 is providing our units and personnel outstanding training opportunities in a realistic and demanding environment.

Our ODT program, which has deployed Guard members to Europe, the Far East, and Central America, continues to expand. A total of 527 units and unit cells are scheduled to participate in ODT during FY 85 - a significant increase since the program began in 1976 with only six units.

Individual Training

Another proven success is the Army National Guard Key Personnel Upgrade Program (KPUP). The purpose of KPUP is to further develop key personnel in our units through direct association with their Active Component counterparts during tactical training exercises. It allows our personnel to perform in their assigned military occupational specialty (MOS) either in place of or alongside their Active Component counterpart. During FY 83, Army National Guard KPUP personnel participated for the first time in REFORGER with active Army units currently deployed in Europe and also in tactical training at the National Training Center as integral members of active Army units training there.

These experiences of employing their skills with active units and utilizing the most modern equipment under demanding tactical situations have greatly contributed to improved MOS proficiency. Additionally, it has given our Guardmembers great confidence in their abilities. They return to their units with valuable tactical experience and new techniques which they have practiced in real tactical situations. We look forward to the further enhancement of training and leadership skills for our key personnel through ongoing KPUP opportunities.

The value of KPUP to the enhancement of our combat capability is inestimable - its potential almost unlimited. As an example, in the first quarter of FY 85, nearly 300 Guard personnel have participated in National Training Center rotations with Active Component units, practicing their military specialties as integral parts of Active Component units at Ft. Irwin. The brigade commander, 31st Armor Brigade, Alabama Army National Guard, has reported that over 500 members of his command are veterans of NTC training with Active Component units under this program. Similar experiences are reported by other commanders whose personnel have benefited from KPUP. The significance is that although relatively few of our units have actually participated in NTC rotations, many individual Guardmembers are participating and returning to their units with this valuable experience. High Army Guard retention rates coupled with the expansion of KPUP training will result in development of more effective units with well qualified individuals at relatively low cost.

NCO Education and Training

It is the responsibility of National Guard leadership to provide our non-commissioned officers with the training they need and deserve to permit them to lead our soldiers in battle. It is the NCO and his soldiers who fight the battles; it is they who are closer to the enemy and the fury and agony of combat. Our missions will be accomplished because of their courage and skill more than any other factors. For that reason, the development of our NCO education and training programs will focus on achieving that objective.

Our commanders and senior non-commissioned officers have applauded the contributions of the Reserve Component Non-commissioned Officer Education System (RCNCOES) to the improved leadership posture of our NCO corps. Success of the program is such that approximately 30,000 students are expected to graduate in FY 85. Estimates are that approximately 35,000 students will graduate from RCNCOES courses in FY 86, more than five times the number that graduated in FY 80, the year the program was implemented. RCNCOES training is devoted primarily to leadership skills. Battle skills and MOS enhancement are critical elements of NCO professionalism and are addressed elsewhere.

Our RCNCOES program includes the Primary, Basic, Advanced and Senior Noncommissioned Officer (NCO) Courses and the Reserve Component First Sergeants Course. Commencing in FY 85, the Reserve Component Primary Leadership Development Course (RCPLDC) will replace the Primary and Basic NCO courses. The RCPLDC was developed to correct the shortcomings that existed in the Primary and Basic courses and gave recognition to the fact that neither course provided any real training on "how to train subordinates". We have implemented five Regional Primary NCO Schools and one centralized Advance NCO School to enhance NCO training and reduce the backlog of 159,000 partially trained NCOs. These NCO Schools will train nearly 15,000 students during FY 86 and will complement the NCO training of the State Military Academies, projected to train approximately 25,000 students next year.

History has proven that events of battle often call upon all soldiers to be able to fight, whether they be cooks, mechanics, or clerks. All of our personnel must be prepared to meet the same battle tests as infantrymen. The Army National Guard Battle Skills Course is designed to provide instruction in the technical aspects of squad and platoon weapons, their tactical employment, live fire familiarization and planning the use of nonorganic supporting weapons. The training, initiated in FY 84, is designed to complement the train-to-train skills taught in the RCNCOES. The course is available to all E5 through E9 Army National Guard soldiers and is conducted on a year around basis at Camp Robinson, Arkansas. This course, consisting of a 15 day period with 154 hours of scheduled field training, will train nearly 2500 Army National Guard soldiers during FY 86. The Battle Skills course is ideally suited for NCOs who, because of time constraints, are unable to attend comparable Active Component courses of longer duration.

Another specialized training course initiated in the Army National Guard during FY 84 is the Reserve Component Tank Commanders Course. The purpose of this course is to prepare our NCOs for the duty position of Tank Commander in a Tank Company or Troop. Students are trained to instruct crew drills and teach basic skills to their crews. The Tank Commanders Course is taught at Gowen Field, Boise, Idaho and will train over 800 Army National Guard tankers during FY 86. Again, this course fits the needs of Guardmembers with limited time to devote to their military duties.

In order to ensure that the Active Guard/Reserve (AGR) force meets the same professional standards as their active Army counterparts, we have developed the Military Education Program (MEP). In most instances, MEP requires that AGR personnel attend the same courses conducted by the active Army at an appropriate time in their AGR career. Continued service in the AGR program is predicated upon successful completion of MEP. AGR personnel have an immense responsibility to increase our unit readiness by planning and conducting training, preparing the unit for rapid mobilization and deployment, and providing the highest quality leadership at all levels. To set any other standard for professional development is to deny the quality leaders that our soldiers deserve. Equally important is active participation in the MEP by our military technicians. As a vital element of our full-time support force, they must be provided opportunities to attend MEP. This will enhance their ability to perform in both their military and technician capacities. In addition to MEP, technicians must be properly trained to do their technician jobs. The proponency courses taught at the National Guard Professional Education Center, Camp Robinson, Arkansas, contribute to this objective. Participation in MEP and proponency courses will ensure professional development and enhance readiness of all members of our full-time support force.

Army National Guard Aviation

Current aviation training efforts have been greatly improved by the FY 83 activation of the Eastern Army National Guard Aviation Training Site (EAATS). Developed to handle the increased training work load in qualifying our aviators to meet individual and crew requirements, EAATS is designed to complement current training programs, not to replace them. A second aviation training site, the Western Army National Guard Aviation Training Site, is scheduled to be operational by FY 87. Its mission will be to supplement unit tactical training requirements.

The training of our aviation elements is among our highest priorities. We must develop more combat oriented training opportunities for our aviators and their units. Our reliance on Army aviation for much of our ground support clearly dictates that our training and experience must be focused on fully integrated training programs for Army aviation.

We have established an intensive night vision goggle (NVG) training program to meet aviation mission requirements. This training requires not only specific flight training but specialized equipment. The Aviator's Night Vision Imaging System (ANVIS) has been designed to help the aviator meet this essential mission requirement. It is necessary for the Army National Guard to receive ANVIS in the near future for its aviation units for increased operational capability, cockpit compatibility, safety and reliability.

We are in the third year of an eight year NVG qualification training program. This program includes qualification of all of our rotary wing aviators by FY 87 and maintenance of proficiency for aviators assigned to tactical units. This training is being accomplished commensurate with the availability of resources required to conduct NVG training. To date, 1248 of our aviators have been trained with NVGs without an aircraft accident. At the conclusion of this program, our tactical aviation units will have a 24-hour day/night tactical mission capability.

We have experienced an increase in Undergraduate Pilot Training (UPT) quotas from 140 in FY 82 to 237 in FY 84, utilizing all UPT quotas during FY 84. These quotas will increase during the 1980s and will eventually provide an output of 250 Army Guard aviators per year by FY 89. We have seen positive results over the past 3 years since imposing a restriction of 27 1/2 years of age to apply for Initial Entry Flight School. The tradeoff for our highly experienced force of aviators is its steadily increasing average age. Our program is solving the "Aging Aviator" problem and establishes a 20 year life-cycle aviator management program.

Safety

The Army National Guard aviation accident rate increased from 2.00 accidents per 100,000 flying hours in FY 83 to 2.58 in FY 84. Human error on the part of commanders, supervisors, maintenance personnel, and aircrews continued to be the major factor in these accidents. Individual accountability at all levels, intensive management of aviation safety school quotas, and a quarterly aircraft accident review and trend analysis videotape are major elements in the countermeasure program developed to combat this rise in aircraft accidents.

Through an intensive Army National Guard countermeasure program, we experienced an 18 percent reduction in army motor vehicle accidents from FY 83. The FY 84 rate was 1.44 accidents per one million miles of exposure. Fatalities were reduced by more than 50 percent. Non-fatal accidents from other than army motor vehicles were also reduced by 13 percent. To continue an aggressive accident prevention program designed to further reduce personal injury and property damage, we have developed a unit safety officer/NCO training course to be fielded during FY 85. Additionally, a national safety awareness program has been distributed to all of our units. The FY 85 program, the last of an overall five year series entitled "Operation Safeguard", is targeted at the prevention of personal injuries during training exercises and is entitled "Be in Control".

Training Support

Among our greatest training inhibitors has always been an inability to get full benefit from Inactive Duty Training (weekend training assembly periods). We have attacked that problem through training support. This support is designed to enhance our available training time by making ranges, local training areas and armories more effective as training centers through modernization and employment of training devices and simulators.

To maintain our mission readiness through training, the full support of training devices and simulators is essential. This is especially true in light of the unprecedented integration of modern weapon systems and increased constraints on human and materiel resources. The FY 86 budget reflects a $53 million commitment by Department of Army to provide the Army Guard technologically advanced training devices. Procurement of 181 platoon sets of the Multiple Integrated Laser Engagement System (MILES) is programmed. This will provide one set per battalion to each of our maneuver battalions. Two devices designed for use in armories are planned for delivery in FY 86; 103 Tank Gunnery and Missile Trainer Systems (TGMTS) and 252 Video Disc Integrated Gunnery Systems (VIGS) will be fielded to armor units. Additional devices such as Dragon Launch Effects Simulators, Stinger Launch Effects Simulators, maintenance trainers, and chemical detector trainers are programmed for delivery to the Army Guard as part of the $53 million package.

We are developing a training device initiative entitled "Guard Unit ARmory Device Full-Crew Interactive Simulation Trainer (GUARDFIST)". This incorporates the interlocking training strategy of conducting full crew training at the garrison and local training area with a high technological training device that takes advantage of interactive video capability. It is anticipated that this device will keep up with future technology and be used into the 21st century. Current initiatives are aimed at armor and artillery crews, dubbed GUARDFIST I and II, respectively.

Another effort to improve inactive duty training effectiveness involves upgrading and expanding local training areas to offer the best opportunity for tactical training close to home. We have developed a training strategy to assist us in resourcing armory training, local training areas, and major annual training areas. It is designed to maximize time, fuel, and ammunition but reduce wear and tear on equipment. It provides effective, economical training in peacetime and permits us to achieve our training standards while better utilizing time and resources. This interlocking strategy provides a "crosswalk" from platoon level to battalion level training outlined as follows:

a. Training devices are employed which can be used at the armory/garrison training area through platoon level.

b. Local training areas are developed and built where needed; they can be used to train through company level to include company and team combined arms live fire exercises or their subcaliber and MILES equivalent.

c. Annual training at major training areas is devoted to battalion, task force maneuver and combined arms live fire exercise training.

Establishment of Army National Guard Regional Training Centers (RTC) in densely populated areas would further enhance increased levels of training and maximize efficient utilization of training resources. The Ft. Dix, New Jersey RTC is a prototype facility, programmed for construction in FY 86, that will provide a multipurpose unit training location. The RTC will help sustain soldier skills and develop the crew, squad and platoon proficiency required to operate the newest of the Army's weapon and maintenance systems. It will also incorporate high technology training devices on hand and those currently being developed to train combat, combat support and combat service support personnel and units. The center will be flexible enough to accommodate future improvements in state-of-the-art training devices. Ft. Dix is centrally located near five Army National Guard divisions in a high unit density area. It will afford high technology simulation training facilities for division, brigade, and battalion command and staff training.

Studies conducted by the Logistics Management Institute and the Industrial College of the Armed Forces, coupled with the Department of Army Management Action Plan (MAP), have recognized training shortfalls in Reserve Component (RC) maintenance units and have recommended establishment of Regional Maintenance Training Sites (RMTS). The RMTS will provide maintenance MOS skill transition and sustainment training during peacetime. This training will enable the mobilization and deployment of RC maintenance companies capable of supporting current and force modernization systems. We are working with Department of Army and other Major Commands to develop programs of instruction, procure facilities, provide manpower, and field maintenance training devices to the RMTS. The Army National Guard has been assigned proponency for fourteen sites which will be colocated with Mobilization and Training Equipment Sites/Unit Training Equipment Sites. The first two RMTSs will be operational during FY 86.

Our hospital units currently train with limited amounts of inadequate equipment, different from that which they would be expected to use upon mobilization and which is insufficient to establish the necessary section and unit skills. Establishment of Army National Guard Medical Regional Training Sites is one solution to the problem and essential if our hospital units are to have access to medical equipment sets currently being procured for them. Each Army Guard Medical Regional Training Site would provide storage, maintenance and collective training support for one complete set of modern field hospital equipment. Units would utilize the equipment to conduct section and unit training in a field environment during annual training and could move it to their armories for training during weekend training assemblies. By establishing Army National Guard Medical Regional Training Sites, individual soldier skills and unit training will be markedly improved, thus enhancing the readiness of our sixteen hospital units. Funding of four sites has been proposed with the first being constructed in FY 87 and becoming operational in FY 88.

Actions by Department of Army to increase quantities of training ammunition for the Army National Guard are reflected by authorizations provided in FY 84 and FY 85. In FY 84, we received 60 percent of our training ammunition requirement, valued at over $145 million. The authorization for FY 85 is nearly $195 million, 67 percent of our requirement. This represents the largest percentage of requirement and dollar amount of authorization received in the last five years. We will continue to experience some shortfalls, particularly in 81mm mortar ammunition and 2.75 rockets. Additionally, shortages in small arms blanks may have an impact on MILES training.

READYING/MOBILIZING THE GUARD

We experienced an overall readiness decline of two percent for FY 84. Although military occupational skill qualification, available personnel, and training readiness ratings improved, equipment on hand readiness fell two percent causing the overall decline. We are in a dynamic period. More high priority missions are being assigned to the Army National Guard which causes changes in the force structure and implementation of force modernization programs to ready the force to meet these new challenges. Although all readiness factors are affected by this change, the greatest impact is in the area of equipment on hand. Overnight a unit can go from a combat ready posture to a non-combat ready posture merely because of a force structure change authorizing equipment which is not yet available to the unit. This phenomenon is known as "instant unreadiness".

The Department of Army has instituted numerous initiatives to address the readiness issue. Among these are the following:

a. A policy to combat the "instant unreadiness" phenomenon which permits units to delay the effective date of force structure changes to coincide with the date new equipment will be available. It also permits certain equipment items to be nonreportable for a specified timeframe to allow a realistic amount of time to bring the amount of equipment fill of these items to a combat ready status. The Army National Guard has developed implementing guidelines for this policy.

b. Revision of Army Regulation 220-1, Unit Status Reporting, is designed to more accurately portray the actual readiness status. An example being considered is to allow a unit to report a non-combat ready status (C-5) rating (used for activations and major reorganizations) beyond the current 90 day limit until the unit is able to acquire the resources (personnel and equipment) required to achieve a combat ready rating.

Other measures, instituted by the Army National Guard, include:

a. Allsviation of equipment shortages through Readiness from Redistribution of Army Materiel (REDFRAM). This program provides for movement of equipment from low priority, late deploying units to higher priority units.

b. Development of a plan to improve the Army National Guard strength posture through actions such as emphasis on reenlisting careerists, recruiting prior service soldiers, and providing additional enlistment and educational benefits to early deploying units.

c. Enhancement of training readiness through emphasis on upgrading local training areas, attendance at the National Training Center, and participation in overseas deployment training. More of our units than ever before are engaging in realistic training overseas such as the recent engineer training exercise in Panama.

d. Establishment of state readiness committees to review, in detail, unit readiness status and to institute state level programs to eliminate readiness detractors and to alleviate local readiness problems. Actions a state readiness committee can employ include redistribution of equipment, recommendations for increasing unit training assemblies, or reprioritizing use of training areas and ranges, all of which are designed to maximize improvements in readiness within that state.

The readiness rating provided from unit status report data is only one of many indicators of total mission capability, others being modernization, force structure, and sustainability. As the Army National Guard replaces old items of equipment with new ones, unit capability is increased. However, there is no current system to measure and report these capability increases. For example, an armor unit which receives the new M-1 tank may not change its readiness condition; however, its fighting capability has expanded significantly. We are working with the Active Army to develop such a measuring tool.

The ability to rapidly mobilize our forces and effectively move them to planned locations remains a matter of serious concern to us. Training of our mobilization planners is now a reality with the initiation of the needed Mobilization Planners Training Course. This course will fill an obvious void in our planning effort and will produce more functional plans by ensuring that thoroughly knowledgeable planners are in the program. Along with planning, execution of mobilization plans and procedures remains a high interest area.

We will continue increasing the number of units that participate in mobilization exercises. Our goal for FY 85 is to evaluate 100 percent of units selected for FY 85 Overseas Deployment Training by conducting Mobilization and Deployment Readiness Exercises. That goal should be achievable and has been reestablished for FY 86.

In FY 84, more than 450 mobilization exercises were conducted and more than 500 are planned for FY 85. Although these exercises are a successful means of evaluating our mobilization preparedness, funding is available only for early deploying units. Therefore, we are currently unable to evaluate over 60 percent of our combat divisions, 50 percent of separate brigades, and 100 percent of armored cavalry regiments.

FAMILY AND EMPLOYER SUPPORT

The families, employers, and the American public in general must understand that the Army National Guard carries a major portion of the defense of this nation. Increased participation in National Training Center rotations, JCS exercises, and overseas deployment training serve as examples of expanded training required of many units. Our personnel often find it necessary to train beyond the normal two week annual training period and forty-eight training assemblies per year. As a result, the potential exists to strain family and employer relationships. Acknowledgment of the moral support of families and economic support of employers during these extended training periods must, therefore, be made. The role of the Army National Guard in the defense of this nation is increasing and the continued support and understanding of families and employers toward the citizen-soldier is vital to the success of that effort.

SUMMARY

Leadership is the Army theme for 1985. Army National Guard leadership must exercise a high degree of motivation and sensitivity to strike a balance between the military requirements and civilian obligations placed on our citizen-soldiers. This is especially important in light of the increased reliance being placed on the Guard for National Security, and the effect this could have on every aspect of each soldier's life. Our leadership, at every echelon, must set an example of military professionalism to be emulated by all who serve within our sphere of authority. The exercise of leadership by Army National Guard officials must take the form of providing sound management and enthusiastic support of those programs designed to protect our nation and people.

Our role in the Total Force is vital to our nation's defense. The overall picture for the Army National Guard through the remainder of the decade is a positive one. We have achieved goals beyond our expectations. There is a great deal yet to be accomplished, but I believe we are equal to the challenges ahead, for only with new challenges can we continue to grow and strengthen.

ARMY NATIONAL GUARD BUDGET

NATIONAL GUARD PERSONNEL, ARMY

The FY 86 National Guard Personnel, Army (NGPA) budget request of $3,431 million provides pay and related expenses for Army National Guard personnel. Table 1 shows Army National Guard personnel strengths. Table 2 shows the NGPA budget categories. The FY 86 request supports a 450,496 personnel end strength or a 2.8% increase over FY 85. Funding includes an enlisted recruiting objective of 55,000 Non-Prior Service (NPS) personnel for initial active duty training and 44,000 Prior Service (PS) personnel for a total recruiting objective of 99,000 accessions in FY 86. The full time Active Guard/Reserve (AGR) support force increases to 30,679 (10,096 over FY 85). Funding for National Guard personnel supports increases in Schools and Special Training ($64 million), AGR support ($265 million), extra week of annual training, additional training assemblies and an increase in strength of Pay Group A/P ($119 million). The Incentive Program, which provides enlistment and reenlistment bonuses and educational assistance, increases by $37 million. Pay Group F, which provides for initial active duty training, is increased by $37 million to provide costs associated with training NPS accessions.

TABLE 1

US Army National Guard
(End Strength)

	FY 84 ACTUAL	FY 85 ESTIMATE	FY 86 REQUEST
Pay Group A	383,074	388,262	388,779
Pay Group F	16,395	16,968	18,468
Pay Group P	18,134	12,570	12,570
Full-Time Active Duty	16,656	20,583	30,679
Total	434,259	438,383	450,496

TABLE 2

National Guard Personnel, Army
($ in Millions)

	FY 84 ACTUAL	FY 85 ESTIMATE	FY 86 REQUEST
Pay Group A/P	1,025	1,600	1,719
Pay Group F	174	271	308
School Training	95	142	172
Special Training	82	125	159
Administration/Support	472	771	1,073
Total Program	1,848	2,909	3,431
Retired Pay Accrual	-	- 763	- 898
Total Excluding Retired Pay Accrual	1,848	2,146	2,533

OPERATION AND MAINTENANCE, ARMY NATIONAL GUARD

The funding categories of the FY 86 Operation and Maintenance, Army National Guard (OMNG) appropriation are shown in Table 3. Real growth in FY 86 is approximately 10 percent and occurs as a result of programed force structure modernization, increased support for modernized systems (87) added to the ARNG equipment inventory since FY 83, and readiness improvements. In addition, this appropriation supports a technician and civilian end strength of 24,553 at a cost of $667.3 million, which accounts for 42 percent of the total appropriation request.

TABLE 3

Operation and Maintenance, Army National Guard
($ in Millions)

	FY 84 ACTUAL	FY 85 ESTIMATE	FY 86 REQUEST
Training Operations	149	166	173
Logistical Support	794	950	1,048
Base Operations	94	129	139
Depot Maintenance	50	67	86
Headquarters and Command Support	69	83	93
Recruiting	12	31	48
Medical Support	9	13	18
Total Program	1,177	1,439	1,605

MILITARY CONSTRUCTION, ARMY NATIONAL GUARD

The FY 86 request for Military Construction, Army National Guard provides for 67 major projects. Included in the major projects are 23 new armories, alteration/expansion of 6 existing armories, 4 aviation facilities, 9 training facilities, 19 equipment maintenance facilities, 3 U. S. Property and Fiscal Office facilities, 2 logistical facilities, and one land acquisition. Increased funding requested for minor construction supports the needs for improved weapons training ranges and storage of unit supplies and equipment. Table 4 displays the MCNG appropriation by major category.

TABLE 4

Military Construction, Army National Guard
($ in Millions)

	FY 84 ACTUAL	FY 85 ESTIMATE	FY 86 REQUEST
Armory	27	28	26
Non-Armory	31	46	45
Minor Construction	7	16	19
Planning and Design	3	9	12
Total Program	68	99	102

Senator **Wilson**. Thank you very much, General Temple.

Next we will hear from Gen. William R. Berkman, Chief of the Army Reserve.

STATEMENT OF MAJ. GEN. WILLIAM R. BERKMAN, U.S. ARMY, CHIEF, ARMY RESERVE

General **Berkman**. Thank you, Mr. Chairman and members of the committee.

I am pleased to be here today on behalf of more than half a million citizen soldiers, men and women who are contributing to our national security as members of the Army Reserve.

Today's Army Reserve is the best Army Reserve our Nation has ever had. It is more ready and better trained than it has even been. It is better equipped, better led, and better managed than ever before.

SELECTED RESERVE

At the end of fiscal year 1984 there were 255,000 members of the Army Reserve assigned to troop program units. That number will go to 263,000 by the end of fiscal year 1985, 73,000 more than the number in 1979.

With almost 12,000 individual mobilization augmentees and 11,000 reservists in the Active Guard Reserve Program, the total in the Selected Reserve approaches 286,000 by end of fiscal year 1985. The President's budget request will provide an increase in fiscal year 1986 of 9,400 paid drill strength, 4,000 AGR's and 1,400 in the IMA program.

The growth in paid drill strength continues to close the gap between peacetime troop program unit strength and wartime requirements to about 20,000.

The Army Reserve is attracting high quality young men and women into its troop program units. In fiscal year 1984, 82 percent of the nonprior service enlistees were high school diploma graduates. Four years ago the figure was 48 percent. High school diploma graduates tend to have a better retention potential than their non-graduate counterparts.

The U.S. Army Forces Command, which commands the Army Reserve Troop Program units, has been emphasizing retention through the chain of command. As a result, the attrition rate declined from 32 percent in fiscal year 1983 to 31 percent in fiscal year 1984.

The attrition rate is expected to be reduced by an additional 2 percent in the coming year. The higher quality of our enlistees is a contributing factor to improved retention.

To attract high quality young men and women to the Army Reserve, we can offer a variety of incentives. The most significant are those in the Selected Reserve Incentive Bonus Program and the new Reserve Component Education Benefits Program.

The bonus program provides a variable bonus to persons enlisting in the Army Reserve in certain critical mobilization skills or high priority units. Experience has also demonstrated that those who enlist for the bonus remain in the Army Reserve longer than those who do not.

The continuation and expansion of the Selected Reserve Incentive Program is essential, if we are to meet our Selected Reserve enlistment goals for fiscal year 1985 of about 70,000 and for fiscal year 1986 of 75,000.

The Education Benefits Program is also expected to have a significant impact upon the Army Reserve. The program entitles all high school graduate reservists who enlist or extend in the Selected Reserve for 6 years up to $140 a month for college or college equivalent study, up to a total of over $5,000. This should increase the number of young people interested in Reserve service.

What must be emphasized is that these two programs are not interchangeable. Neither one is an effective substitute for the other. They are aimed at different groups of people and have different objectives. They are both needed.

Demographic projections indicate a decline in the number of young people available for military service. This means we must increase our efforts to reach potential enlistees and inform them of the opportunities and benefits associated with service in the Army Reserve.

In 1985, we are adding nearly 578 more full-time personnel to our recruiting force. We will also carefully study and adjust our national advertising campaign to ensure that it remains as effective as possible.

ACTIVE/GUARD RESERVE

One of the major areas of growth in the fiscal year 1986 budget and beyond is the Active Guard Reserve [AGR] Program. The fiscal year 1986 budget increases AGR end strength by more than 4,000 personnel to almost 15,000.

In fiscal year 1990 AGR end strength is programmed to reach over 28,000. Army Reserve AGR personnel on full-time active duty in units assist drilling reservists in meeting their readiness goals. Some AGR personnel serve in assignments above the unit level.

However, the great majority (63 percent in fiscal year 1985 and 81 percent in fiscal year 1990) serve in Army Reserve units with which they would mobilize and deploy. They assist in training, administration, maintenance and logistics. Their contributions are vital to readiness improvements.

Historically the Army Reserve has had the lowest percentage of full-time unit support personnel of the Reserve component of any service. In fiscal year 1982 the full-time unit support personnel—AGR, military technicians and active component soldiers—represented only 4.4 percent. The fiscal year 1986 budget request will increase full-time support to 6.7 percent.

INDIVIDUAL MOBILIZATION AUGMENTEES

The Individual Mobilization Augmentee [IMA] Program is also growing. This program trains individual reservists selected for assignment to specific mobilization positions in Army units and DOD agencies.

This expanding program resulted in nearly 11,000 participants at the end of fiscal year 1984. We expect an end strength of almost 25,000 by 1990 with most of the growth in the enlisted ranks. Members of the IMA program are counted in the Selected Reserve and are subject to the President's 100,000 call-up authority.

INDIVIDUAL READY RESERVE

The Individual Ready Reserve (IRR), the Army's primary source of pretrained military personnel has grown from 213,000 in 1981 to an anticipated fiscal year 1985 end strength of about 286,000.

By the end of fiscal year 1990, the IRR will number more than 372,000. IRR personnel would be required upon mobilization to bring Active and Reserve component units up to wartime strengths, to serve as replacements until inductees can be trained, and as cadre for units formed after mobilization.

The IRR consists principally of prior service personnel, and is managed by the Army Reserve Personnel Center [ARPERCEN]. IRR members train by taking correspondence courses, attending Army Reserve schools and serving on tours of active duty for training at service schools or with Active Army units.

Their training is limited by their own availability and the availability of training funds. A comprehensive training program for IRR personnel is being developed. Although training of IRR members is voluntary, IRR mobilization training with Active component units has increased substantially.

We believe that a comprehensive training program supported by resources will result in more IRR personnel volunteering for active duty training.

One source of IRR personnel is the Transfer in Lieu of Discharge Program [TLDP]. Personnel from the Active component and the Selected Reserve who for any number of reasons are considered by their commanders to be unsuitable for their current service assignment are transferred to the IRR for the remainder of their service obligation provided.

This transfer is based upon their commander's determination that they will be able to serve effectively under different circumstances. Transfers from troop program units often result from inability to attend regularly scheduled unit drills. Job conflicts and pregnancies are the commonly cited causes.

Pretrained members of the Army Reserve should be retained even if they cannot participate in troop unit activities. For this reason the Army Reserve offers a reenlistment bonus to those with critical skills who will agree to remain in the IRR. Those who receive the $750 bonus also agree to train on active duty during the second year of their 3-year enlistment.

In fiscal year 1986, $5.6 million is requested for this program to ensure the retention of nearly 24,000 IRR members who will be available for mobilization.

Significant progress is being made in efforts to reduce the numbers in the IRR personnel who could not be located upon mobilization. Although all members of the Army Reserve are required by law to report any change of address, the incorrect addresses of members of the IRR have been a concern.

In 1978, we estimated that 12.4 percent of the addresses on file for IRR members were inaccurate. Through the use of various techniques, such as postal and telephone directory searches, ARPER-

CEN has reduced invalid addresses to 6.8 percent of the IRR's 1984 end strength.

CONCLUSION

The Army Reserve has become an essential element of the total Army which provides the Landpower our Nation requires to deter war and preserve our national interests.

Winston Churchill once said that a reservist is twice the citizen. The more than half million men and women of the Army Reserve are proud of that status. They will, with your help, continue to be proud and ready, training today to meet the challenges of tomorrow.

Thank you, Mr. Chairman.

[The prepared statement of General Berkman follows:]

The Posture of the US Army Reserve
and
Budget Estimates for Fiscal Year 1986

A Statement
by

Major General William R. Berkman

before the

Committees and Subcommittees
of the
United States Senate
and the
House of Representatives

First Session, 99th Congress

SECTION I

INTRODUCTION: A COMMITMENT TO EXCELLENCE

I am pleased to present the FY 86 report on the status, posture, and needs of the Army Reserve.

A Total Army of excellence is the commitment made by the Secretary of the Army and the Chief of Staff in their statement "The Posture of the Army and the Department of Army Budget Estimates for Fiscal Year 1986." The Army Reserve is an essential element of the Total Army. The initiatives and programs described in the statement by the Secretary and the Chief of Staff again place increasing reliance on the Army's Reserve Components. Army Reserve units no longer deploy after Active Component units, but with them, and in some cases before them. Consequently, the Army Reserve as part of the Total Army is a key element in our national military strategy of deterrence.

The Army Reserve, as an integral part of the Total Army, is growing in size, capability and responsibility.

o Army Reserve strength is growing, as the need for that strength also grows.

o Army Reservists serving on active duty to enhance the training and combat readiness of our units are growing in numbers.

o Army Reserve structure is growing, with new units scheduled to be activated in the coming years.

o Army Reserve training programs are growing more demanding and realistic, and they are increasingly integrating our units with the active commands with which they will serve upon mobilization.

o Army Reserve forces are modernizing; and though equipment shortages remain serious, the number of our units receiving first-line, state-of-the-art systems is growing faster than ever before.

o Army Reserve personnel management, including management of those 270,000 Ready Reservists who are not serving in troop units, is growing.

o Army Reserve growth in size, structure, scope and capability is matched by the confidence of the Army leadership and the American people that the Army Reserve can be ready to perform well under any circumstance.

And finally, it is important to note that the Army Reserve's growth is balanced and commensurate with the increasing demands of readiness.

The Army Reserve provides the nation's defense with a vast source of military capabilities, and significant portions of the Total Army's resources in scores of mission areas at a fraction of the cost of equivalent full-time forces.

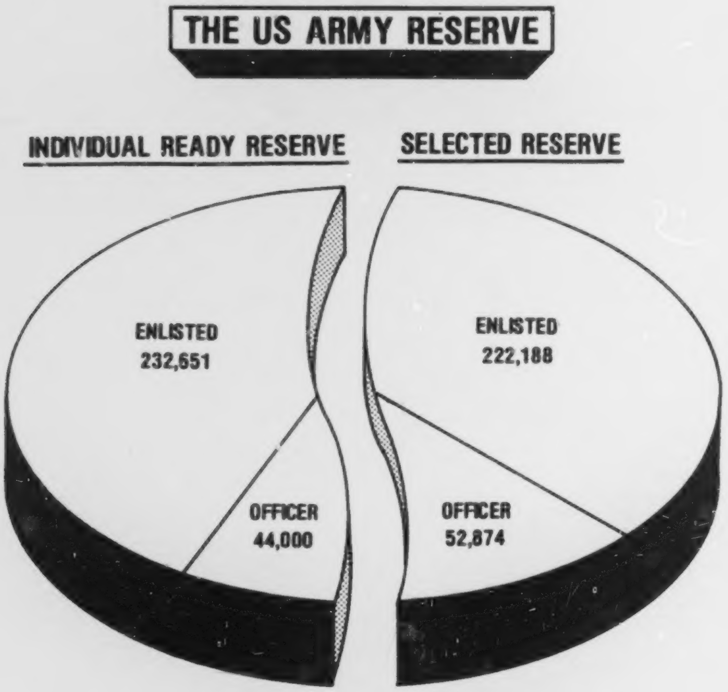
To fulfill its mission upon mobilization the Army Reserve must constantly reinvigorate its training, renew and retain its manpower, and replenish its equipment inventories. To do so effectively as well as economically and to achieve unprecedented levels of national security for the lowest possible cost, the Army Reserve must continue balanced growth in all of its programs.

We believe the growth of the Army Reserve outlined in this report will contribute significantly to accomplishing that purpose in 1986 and in the years to come.

MISSION OF THE ARMY RESERVE

The mission of the Army Reserve as directed by Congress is "to provide trained units and qualified persons available for active duty in the armed forces, in time of war or national emergency and at such other times as the national security requires...."

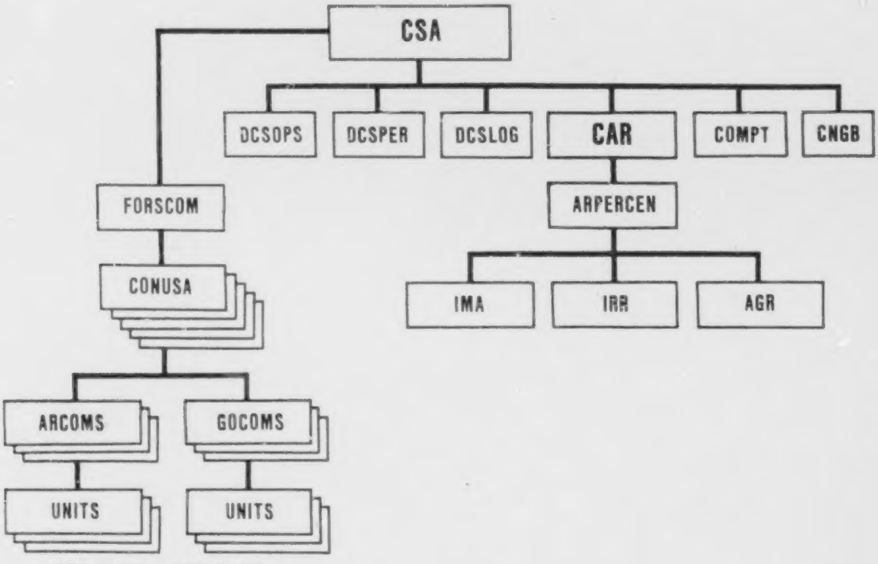
Army Reserve units include combat, combat support, combat service support and general support. In addition to units training to perform wartime missions, the Army Reserve also includes pre-trained individuals in the Individual Ready Reserve. These personnel will provide replacement, fillers and cadre for new units in the event of mobilization.



TOTAL STRENGTH US ARMY RESERVE (1984) 551,713

The dual missions of the Army Reserve are accomplished through troop programs under the command of the US Army Forces Command (FORSCOM) at Fort McPherson, Georgia. The pretrained personnel required by the Army are in the Indiviual Ready Reserve (IRR). The IRR is commanded and managed by the US Army Reserve Personnel Center (ARPERCEN) in St. Louis, Missouri, a field operating agency of the Chief, Army Reserve. The Individual Mobilization Augementee (IMA) and Army Reserve Active Guard/Reserve (AGR) programs are also managed by ARPERCEN.

Command and Control, Army Reserve


CSA
DCSOPS
DCSPER
DCSLOG
CAR
COMPT
CNGB
FORSCOM
ARPERCEN
CONUSA
IMA
IRR
AGR
ARCOMS
GOCOMS
UNITS
UNITS

(TROOP PROGRAM UNITS)

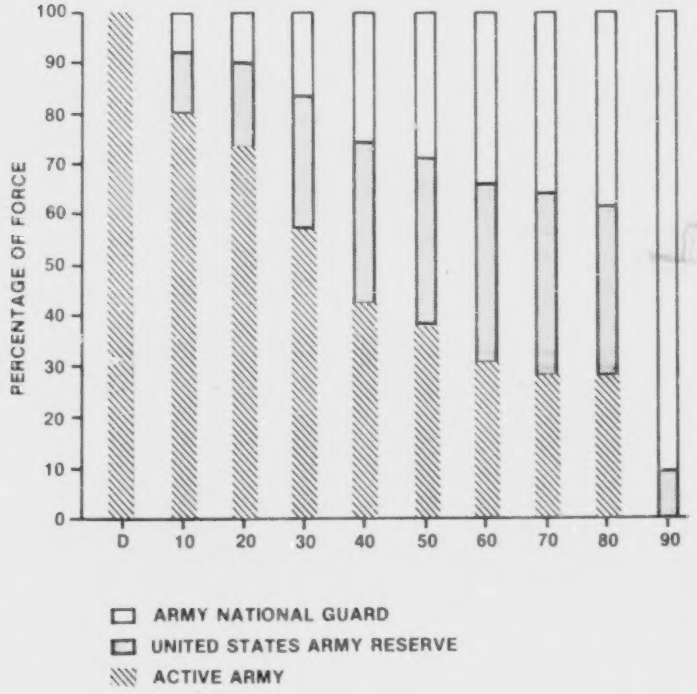
As shown below, the Army Reserve contains a significant percentage of the Total Army force structure.

Type Unit	**% of Army Structure**
Training divisions	100
Training brigades	100
Military intelligence (strategic research and analysis)	100
Civil preparedness support detachments	100
Army Reserve schools	100
Maneuver area commands	100
Maneuver training commands	100
Railway units	100
Judge Advocate General detachments	98
Civil affairs units	97
Psychological operations units	89
Smoke generator companies	78
Quartermaster petroleum, oil and lubricant supply companies	67
Army hospitals	65
Terminal service/transfer companies	61
Services and supply units	59
Pathfinder units	55
Conventional ammunition companies	51
Chemical decontamination companies/ detachments	46
Quartermaster petroleum, oil and lubricant operating companies	45
Watercraft units	44
Army medical units (other)**	41
Combat support aviation companies	38
Qm engineer water supply, well drilling, purification units	36
Major logistical units***	31
Truck companies	30
Nondivisional bridge companies	29
Combat engineer battalions	24
Maintenance companies (direct support, general support, non-divisional)	24
Special forces groups	22
Separate combat brigades	13
Field artillery brigades, headquarters detachments	9
Field artillery battalions**	8
Mechanized infantry battalions**	2
Armor battalions**	2

* Current structure as of january 1985
** Includes organic and separate elements
*** Theater army area command/corps support

Since 1980, there has been a steady increase in the Army Reserve's ability to meet its wartime requirements. This improvement has been supported by Congressional concern with the structuring, modernizing, equipping and training of the Army Reserve. With the continuing support of currently programmed expenditures, Army Reserve readiness will continue its steady improvement.

Based upon current plans, in the first 50 days after mobilization the Army Reserve will provide the major portion of the Army's combat support and combat service support units. With evolving force structure initiatives and increasing Congressional emphasis upon greater reliance on the Reserve Components, the significance of the Army Reserve's Total Army contributions will continue to grow.

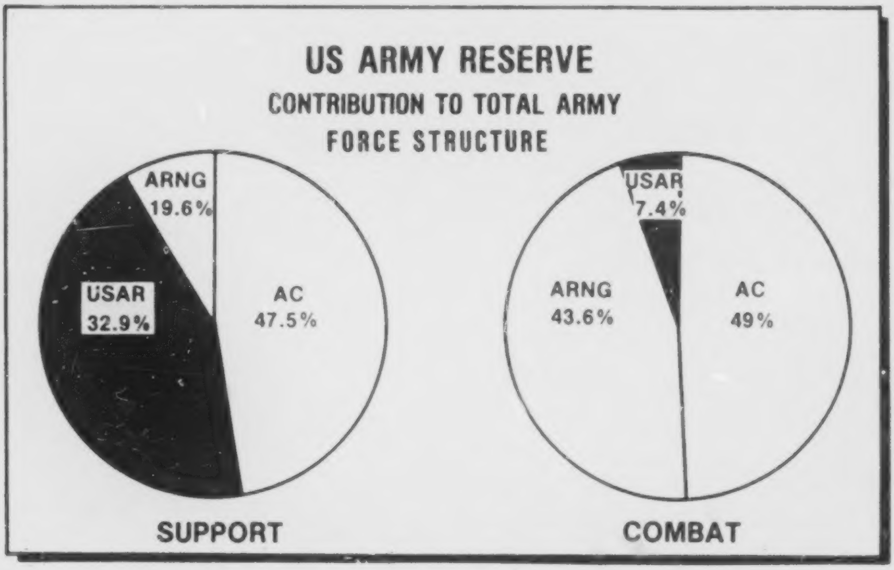


TRANSITION TO WAR

In the Total Army, the Army Reserve has an increasingly important role. Many of the missions formerly assigned to units in the Active Component have been transferred to the Reserve, and the strength of the Reserve is programmed accordingly for continued growth.

As of October 1984, the percentage of the Total Army force structure found in the Army Reserve was:

	US Army Reserve
Combat	7.4%
Support	32.9%



Presented here are summaries of the Army Reserve's current status and program for its future. Each summary considers units and personnel, training and education, force development and support, and mobilization and management. This presentation should demonstrate the importance of support for the Army Reserve and its vital contribution to our national security.

SECTION II

THE RECENT PAST

Analysis of the recent past is vitally important to understand why quality growth has been our top priority and why support is needed to ensure that the Total Army obtains the quality growth benefits envisioned in its Reserve programs.

Personnel

There is nothing more fundamental to an Army of citizen soldiers than the quality and motivation of the people who serve in it. Since George Washington, every president has recognized the importance of the role of the citizen soldier in our republic.

Troop Unit Program

Army Reserve troop program unit (TPU) paid end strength for FY 84 was about 261,000. This total includes both drilling Army Reserve members and full time Active Guard/Reserve personnel. This represents an increase of more than 56,000 TPU members over the total reported in FY 80.

Strengthened Recruiting

Army Reserve numerical recruiting objectives have been met for the last six years. However, a shortage of non-prior service enlistments has been developing as a result of a declining population of young Americans and an improving economy.

For this reason, we are increasing our recruiting resources by 578 full-time personnel in FY 1985. This increase is coupled with Army Reserve retention programs intended to reduce unprogrammed losses 2% below the FY 84 level. These initiatives should result in the achievement of the Army Reserve's troop program unit FY 85 end strength objectives.

Since 1979, the US Army Recruiting Command has linked Army Reserve and Active Component advertising through the use of common slogans, themes, and creative styles. The Army Reserve has reaped the benefits of the successful "Be All You Can Be" campaign. Combined with positive public attitudes toward military service, Army Reserve advertising has been more effective than ever in building awareness and generating recruiting leads. Thanks to Congressionally approved increases in our FY 84 and FY 85 advertising and audio-visual budgets, we have been able to purchase effective television advertising in key markets.

Over the last few years, the Army has increased its standards for enlistment into the Army Reserve. Current standards for persons without prior military service enlisting in the Reserve are identical to those of the Active Component. In FY 84, enlistment of personnel classified as high school graduates exceeded 80%, 34% higher than three years ago. During that same period, enlistment of applicants with low mental scores (Group IV) fell to below 12%.

Incentive programs have been successful in attracting and retaining highly qualified applicants. In FY 84, nearly 17,000 personnel enlisted or reenlisted in TPUs for a cash bonus or educational assistance. These high quality personnel accept a three to eight year obligation, fill high priority units or possess critically needed military skills, and demonstrate a high probability for retention and reenlistment.

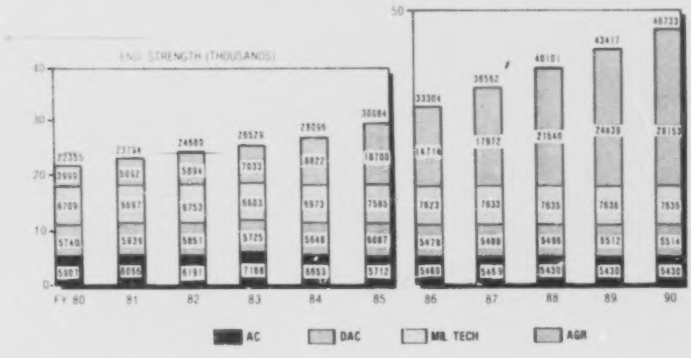
Full Time Unit Support (FTUS) for the Army Reserve

A major initiative designed to assist members of troop program units of the Army Reserve meet their readiness requirements is the programmed increase in Full Time Unit Support (FTUS) personnel who assist units in training, planning, maintenance, supply, and administrative functions. Full time support personnel at the unit level include Active Component (AC), Active Guard/Reserve (AGR) personnel, and military technicians (civilian support personnel, many of whom are Army Reserve unit members).

With Congressional support, the FTUS available to the Army Reserve has increased steadily over the past several years. As an example, in FY 82 the percentage of FTUS personnel in the unit program was 4%. This is projected to increase to 7% during FY 85.

US ARMY RESERVE

FULL TIME SUPPORT



There were 12,197 FTUS personnel on duty with Army Reserve units at the end of FY 83. They consisted of full time Army Reserve soldiers--AGR (4,324), plus military technicians (6,603), and Active Component soldiers (1,270). In FY 84, these totals increased to 5,637 AGR members and 6,973 military technicians.

The FY 85 budget provides for increasing the number of full time Army Reserve soldiers in units to 6,740. Active Component personnel assigned to assist Army Reserve units remain at 1,120.

The Active Guard/Reserve (AGR) Program

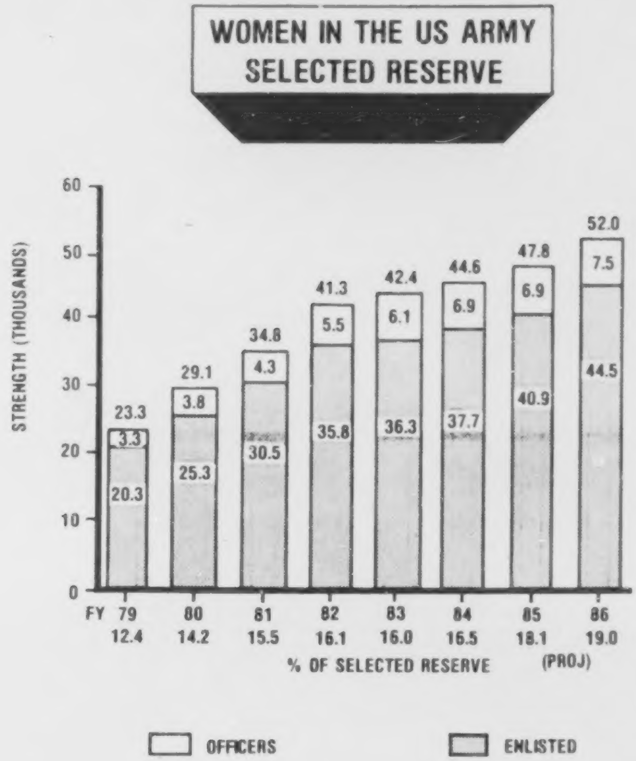
The Army Reserve program strength of the Active/Guard (AGR) Program has risen from 2,639 at the end of FY 79 to a total of 8,822 at the end of FY 84. The program is projected to expand to over 27,000 members by the end of FY 89, with the largest increase programmed for Full Time Unit Support. The quality of the AGR program will be enhanced through initiatives to provide its members more professional development opportunities and greater tour stability, and by standardizing entrance policies.

The Army Reserve Personnel Center (ARPERCEN) is providing greater management effectiveness to the AGR program by considering the duration of each assignment on a case by case basis. Reassignments are no longer considered based solely on the fact that a standard assignment period of time has elapsed, but rather on the needs of the service, the individual's career needs, and the desires of the command to which the individual is currently assigned. Some tours may be longer than the standard three years while others may be shorter.

ARPERCEN has also established a professional development program with designated training funds for AGR personnel. These funds will provide for mandatory skill training and refresher training, as well as training required for Army Reserve promotion and retention. Such training will be accomplished when the soldier is in transit from one duty assignment to another or during an AGR tour. This regularly programmed training will increase the professional qualifications and effectiveness of the AGR force.

Women and Minorities in the Army Reserve

Over the past five years, female personnel strength in the Army Reserve has increased by 80%. At the end of 1984 there were 42,000 women in troop program unit assignments.



WOMEN IN THE US ARMY SELECTED RESERVE

The Army Reserve has consistently sought to achieve a fair representation of women and minorities throughout the structure of all Army Reserve programs. The overall objective is to provide all soldiers with the maximum opportunity to succeed.

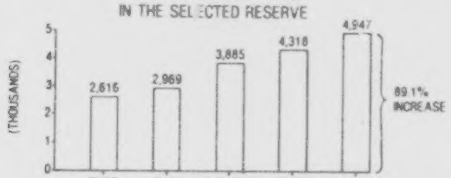
Recently, new programs have been established to achieve assignment equity, including the Direct Combat Probability Code System. This Total Army system defines where women may serve by identifying the potential for direct combat for each unit position. It precludes women from being assigned to units routinely exposed to direct combat; however, female Army Reservists are still eligible for assignment to 76% of the troop program units. 86% of Army Reserve enlisted skill areas are available for female participation, and female officers may choose from among 95% of the specialty skills available to Army Reserve officers.

In FY 84, the female content of Army Reserve personnel assigned to units was 16%. It is expected to be 17% by the end of FY 85.

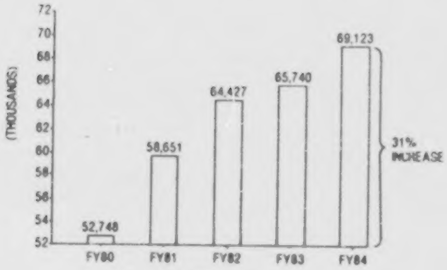
In FY 84, the minority content of the Army Reserve was 31%. This included 35% of our enlisted force and 14% of our officer force. The Army Reserve is keenly aware of the vital role minorities play in reserve readiness and we are emphasizing the importance of the equal opportunity programs throughout the Army Reserve.

US ARMY RESERVE

MINORITY REPRESENTATION
IN THE SELECTED RESERVE



OFFICER TREND



ENLISTED TREND

The Family that Supports the Reservist

The Secretary of the Army and the Chief of Staff proclaimed 1984 the "Year of the Army Family." As a part of that emphasis, the Chief, Army Reserve established a task force to identify and resolve issues that impede the full participation of Reserve families with the Total Army. This task force is carefully reviewing laws, directives, regulations and policies to identify and recommend solutions to issues that limit reserve families' full participation and involvement in Army programs.

A major family initiative that appears destined for success is the Reserve Component commissary test. When fully implemented, this program will allow reservists and their families to use the 14 days presently authorized for commissary shopping at any time during the year rather than only during the annual training period. Other incentives being considered include identification cards for family members, Army Reserve family members' orientations, and the extension of certain Army welfare and morale services to Reserve Component members and their families.

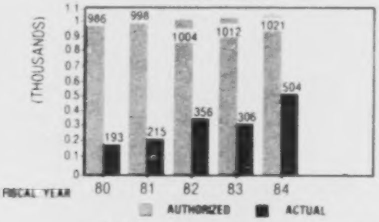
The Army Medical, Osteopathic, Dental, and Veterinary (MODV) Student Program

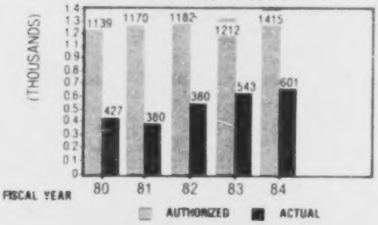
This program is intended to attract potential physicians, dentists, and veterinarians while they are still in their professional schools. It was initiated in 1981 with 20 students. The program has since grown to approximately 400 students, with 100 students graduating annually. Selected students are commissioned as officers in the Medical Service Corps until their graduation, when they are reviewed for Medical Corps/Dental Corps/Veterinary Corps (MC/DC/VC) commissioning. While students, they may participate with a troop unit or with the IRR. They are also permitted up to 45 days' Active Duty for Training annually at an Active Component medical training facility. Program participants incur an eight year service obligation in the Ready Reserve.

Reserve medical personnel retention efforts focus on special programs to expand military knowledge. The programs include funded attendance at health education sessions to obtain continuing health education credits. In addition, a health managers' program was established in 1983 to increase physician and dental corps officers' command capabilities. New or potential commanders are encouraged to attend. A similar program has been established for chief nurses.

Retaining AMEDD Officers in the Reserve

At the national level, the medical detachment (MEDDET) and the newly established nurse detachment (NURSEDET) programs allow training flexibility for Reserve medical personnel. Physicians in the MEDDET program usually drill at a medical university, school, or at a teaching hospital. They occupy a billet which would not otherwise be filled in a local unit. The NURSEDET program initially will consist of two nursing specialties--operating room nurses and nurse anesthetists. NURSEDET participants will either be assigned to Army Reserve medical units with vacancies in their specialties, or attached to medical units (for administrative purposes) near their hometowns, and perform duty at Army medical training facilities.


SELECTED SURGICAL SPECIALTIES
MEDICAL CORPS


SELECTED SURGICAL SPECIALTIES
ARMY NURSE CORPS

These specialized programs provide training in the skills needed by the Army Reserve upon mobilization. The programs also provide Reserve medical personnel with requisite military skills in a format tailored to accommodate their limited time.

There continues to be a significant shortage of skilled medical personnel in the active and reserve forces. One of the shortage specialties identified in the Army Reserve is the operating room (OR) nurse. At the beginning of FY 81, only 270 (41%) of an authorized 660 OR nurse positions were filled. An additional 84 OR nurses were in the IRR and Standby Reserve. At the beginning of FY 85, 413 (52%) of an authorized 800 OR nurse positions were filled. In addition, there were 148 non-unit OR nurses in the Army Reserve.

Although significant progress had been made in recruiting OR nurses for the Army Reserve, further gains in strength were necessary. To this end, the Reserve Components Operating Room Nurse Course was established in FY 84. This is a two phase course, consisting of eight weeks' didactic/clinical training at Fitzsimons Army Medical Center followed by specific clinical experiences, correspondence courses, and seminars/symposia at each participant's home station. Following phase II, students return to Fitzsimons for a comprehensive written and practical examination on perioperative nursing procedures. The course is designed to produce 30 Army Reserve OR nurses each year.

The Army Reserve Personnel Center Takes Hold

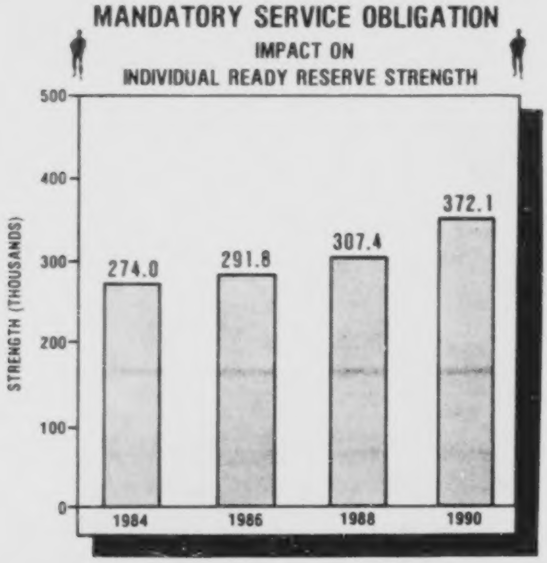
In addition to his statutory role as advisor to the Chief of Staff of the Army on Army Reserve matters, the Chief, Army Reserve also serves, by regulation and directive, as a member of the Army Staff and director of Army Reserve appropriations.

On February 3, 1984, the Army Reserve Personnel Center (ARPERCEN) was activated as a field operating agency of the Office of the Chief, Army Reserve. This agency is intended to enhance the effectiveness of the executive role of the Chief, Army Reserve by increasing his influence on the management of the Individual Ready Reserve (IRR), Individual Mobilization Augmentees (IMA's), and Army Reserve Active Guard/Reserve (AGR) personnel. Through ARPERCEN, the Chief, Army Reserve will influence the professional career development of all Army Reserve members; provide a trained IRR force in support of Total Army mobilization requirements and other crisis conditions; exercise command and control of the IRR and Standby Reserve; and administer the Army Reserve AGR and IMA programs.

During 1984 ARPERCEN established itself as a key element in Army Reserve officer assignments. Responding to a projected shortage in FY 84 officer paid drill strength, ARPERCEN initiated an assignment program designed to place 1,600 IRR officers in troop program units, between June 1 and September 30, 1984. The assignment challenge was not only met but greatly exceeded. More than 2,300 officers were assigned to units of the Selected Reserve by ARPERCEN personnel management officers.

Military Service Obligation

The extension of the military service obligation, signed into law on September 24, 1983, authorized the Secretary of Defense to extend the military service obligation for new entrants from six years to a maximum of eight years. The Department of Defense implemented an eight-year service obligation on June 1, 1984. The extended obligation will increase potential IRR strength by 25% on a steady scale beginning June 1990.



ROTC Officers

Officers commissioned through the Reserve Officers' Training Corps (ROTC) serve in all components of the Total Army. ROTC is now the largest single source of officer accessions for the Army Reserve. In FY 81 the Army Reserve gained only 395 officers from the year's production of 6,218. However, by FY 84, ROTC produced 1,601 officers for the Army Reserve. The number of officers to be commissioned through ROTC in FY 85 is expected to be 8,300; of this number, about 1,000 will join the Army Reserve upon commissioning and completion of their officer basic course.

Officer Retention

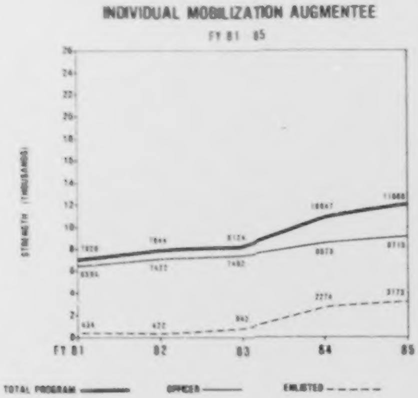
The key to ensuring sustained Reserve officer satisfaction, participation, and subsequent retention is the personnel management officer (PMO), who assists each Reserve officer in management of his career. Historically, assignment to a troop program unit has been the most effective form of participation for Reserve career retention; participation in the Individual Mobilization Program is rapidly becoming another successful method of retaining officers in the IRR.

Increased Congressional funding for the Individual Mobilization Augmentation (IMA) Program and mobilization readiness training has allowed more IRR officers to train than ever before. The 28 percent increase in participating Reservists between FY 81 and FY 84 was quite significant. As a result, these officers are better prepared to serve effectively upon mobilization.

Steady Congressional support of the Army Reserve troop unit and IMA programs is improving the Reserve's mobilization posture. ARPERCEN and the major US Army commands continue to encourage eligible officers, emphasize the benefits of unit assignment, and increase the training of IMA officers.

The Individual Mobilization Augmentation (IMA) Program

The Individual Mobilization Augmentation (IMA) Program, instituted in 1981, evolved from the Mobilization Designation Program. The transition to the IMA program made its members part of the Selected Reserve and eligible for the president's 100,000 reserve personnel call-up authority. The IMA program is essential in supporting Total Army requirements for pre-trained individual manpower at mobilization.

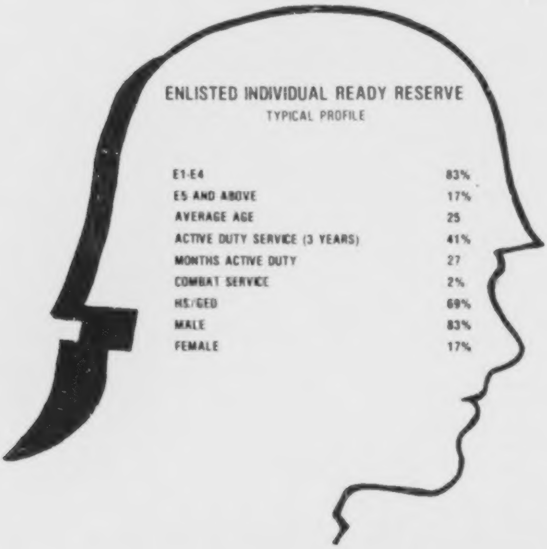


Currently, about 10,800 Army Reserve officers and soldiers are assigned to 51 major Department of Defense and Department of the Army activities as part of this program. IMA members train annually with their organizations in tasks they will actually perform in wartime.

The IMA program has experienced an increase in end strength of 58% (6761 to 10,847) since FY 81. The percentage of personnel trained as IMA's increased by 96%, growing from 5171 to a projected 10,125 in FY 85. The Reservists who are assigned to the IMA program have shown they are committed to it by the impressive increase in the annual training participation. The IMA's have indicated in training evaluation questionnaires an appreciation of their contribution upon mobilization.

The Individual Ready Reserve (IRR)

The Individual Ready Reserve (IRR), approximately 277,000 strong as of September 30, 1984, is the largest pool of pretrained individual personnel available to support the United States Army in the event of mobilization. At mobilization, IRR personnel will fill positions critically needed to bring the Total Army to wartime strength, expand the mobilization base, serve as replacements until additional personnel can be inducted and trained, and as cadre for needed new units.



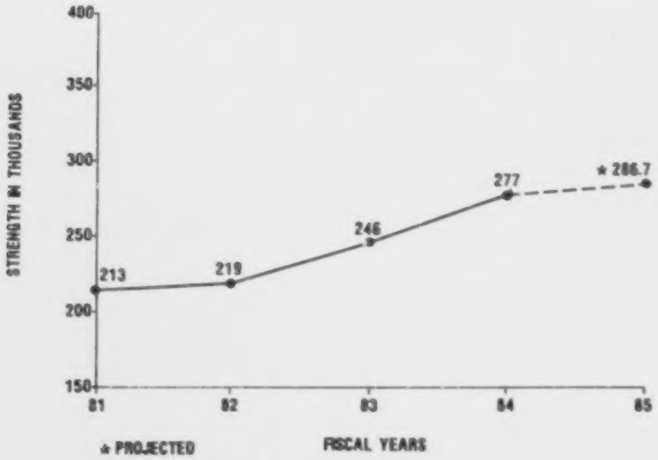
ENLISTED INDIVIDUAL READY RESERVE
TYPICAL PROFILE

E1-E4	83%
E5 AND ABOVE	17%
AVERAGE AGE	25
ACTIVE DUTY SERVICE (3 YEARS)	41%
MONTHS ACTIVE DUTY	27
COMBAT SERVICE	2%
HS/GED	69%
MALE	83%
FEMALE	17%

The IRR is authorized by section 268, Title 10 U.S. Code and its members are located in both the United States and overseas. The majority of the IRR, approximately 85%, consists of enlisted members. Most are former active duty enlisted personnel who transferred to the IRR to fulfill the remainder of their military service obligation; some are former Reserve unit members who for some reason could not remain in a unit. In either case, assignment to the IRR is a means to ensure that the individual Reservist maintains affiliation with the Army for at least the remainder of his contract and, possibly, well beyond.

Historically, the IRR peaked at a strength of about 1,100,000 in FY 72. Following the end of the draft, the IRR gradually declined to a strength of about 149,000 in FY 77. At the end of FY 84, IRR strength stood at about 277,000.

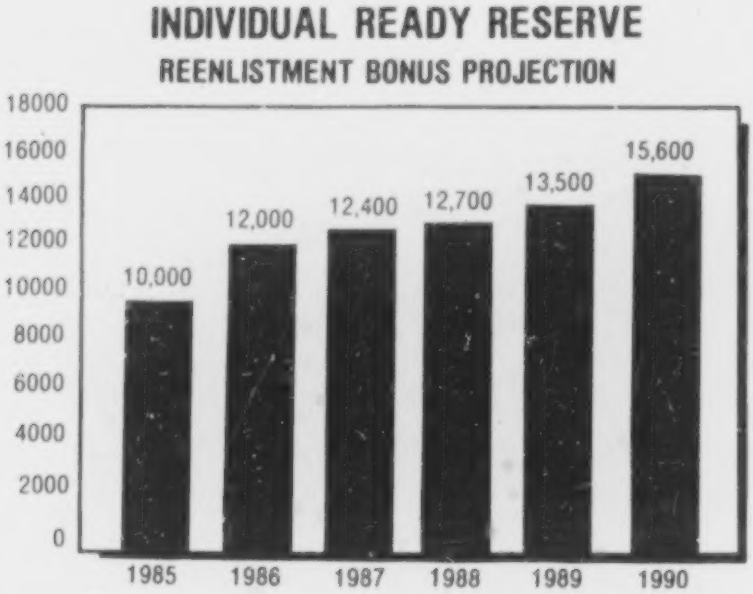
INDIVIDUAL READY RESERVE
STRENGTH



The Individual Ready Reserve Reenlistment Bonus

In FY 81, Congress approved a reenlistment bonus of $600 for soldiers holding critical skills reenlisting in the IRR. Funding was not approved until January 1, 1981, but was retroactive, and a total of 1,587 soldiers reenlisted under the bonus program. The FY 81 bonus was extended into the first six months of FY 82 and resulted in an additional 1,409 bonus reenlistments.

Funding for FY 83 did not include an IRR enlistment bonus incentive. The DoD Authorization Act for 1984 included a reenlistment incentive program for IRR soldiers with critically needed mobilization skills, but no funds were appropriated. Nevertheless, in June 1984, the Army made three million dollars available for the bonus program ($650 initial payment and two subsequent anniversary payments of $50 each). Some 1,925 soldiers reenlisted for the bonus during FY 84. The DOD Authorization Act for FY 85 changed the method of payment of the IRR Reeenlistment Bonus to equal annual increments.



The IRR reenlistment incentive program is undergoing constant review. Current projections show that an increasingly larger number of soldiers will reenlist in the IRR if the bonus remains in effect.

Training

Realistic, mission oriented unit training results in unit readiness. It is reinforced by individual military occupational specialty training and professional development education.

In the continental United States, Army Reserve unit training is the overall responsibility of the Commanding General, US Army Forces Command (FORSCOM). Overseas, the major army commanders have responsibility for the Army Reserve units stationed in their geographical areas.

Army Reserve Training Initiatives

The Department of the Army has developed and is implementing an action plan for Reserve training. Significant topics addressed by the action plan's 16 major issues include:

- Noncommissioned officer education system (NCOES)
- Officer/warrant officer training
- Full time manning
- Military occupational specialty (MOS) qualification
- The Army Correspondence Course Program
- Regional training sites
- Training aids/devices
- Army Reserve schools

The Army Capstone Program

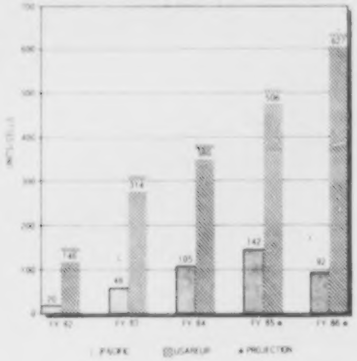
The Army CAPSTONE Program, initiated in October 1979, is a management program designed to affiliate Active and Reserve Component units in organizational structures which meet wartime operational requirements and the needs of the CONUS sustaining base. The CAPSTONE Program integrates units of all components by geographical and operational plan for four areas: Europe, the Pacific, Central Command (Rapid Deployment Force-Army), and the continental United States. Updated annually, CAPSTONE permits Army Reserve units to focus their peacetime training on wartime missions and to conduct detailed mobilization planning. The participation of Army Reserve members from Pennsylvania civil affairs units in the Grenada rescue operation, Operation Urgent Fury, was a natural consequence of CAPSTONE affiliation.

Army Reserve Troop Unit Readiness

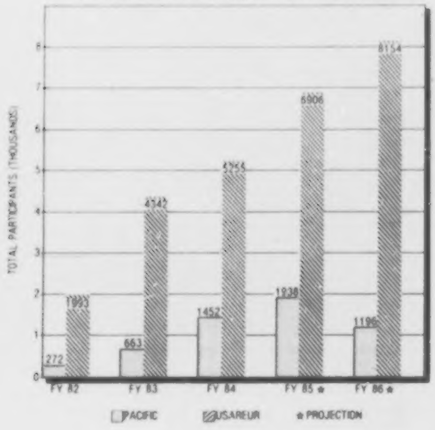
All Army Reservists must be prepared to mobilize rapidly. Army Reserve participation in biennial command post mobilization exercises such as "Nifty Nugget," "Proud Spirit," and "Proud Sabre," have emphasized the importance of mobilization. These were primarily staff exercises by major headquarters with limited participation by Reserve unit members. They identified problem areas in documented procedures, training, equipment, facilities and strategic lift. As a result, Army Reserve units have implemented many corrective measures, including the development of detailed mobilization plans.

One Army Reserve initiative under consideration would provide funding for Army Reserve troop units to conduct mobilization field exercises. These exercises would involve alert, assembly, loading and movement of Army Reserve units from their home stations to mobilization stations during their annual training periods. The exercises will dramatically improve the capability of selected, early deploying Reserve units to mobilize in a timely and orderly fashion.

US ARMY RESERVE
OVERSEAS DEPLOYMENT TRAINING



US ARMY RESERVE
OVERSEAS DEPLOYMENT TRAINING PARTICIPATION



Roundout and Affiliation

The Army's affiliation training program has been a signal success in the Army Reserve community. Affiliation is a dedicated training assistance relationship between an Active Component sponsor and a selected Army Reserve unit. Affiliation is based on the unit's mobilization priority and specific training needs. Currently, the Army Reserve has 211 units/organizations in the affiliation program. The affiliation program provides year-round training assistance to the Reserve Components to improve unit mobilization readiness.

The roundout program, although similar in some respects to affiliation, is a specifically wartime alignment. The Army Reserve unit that rounds out an understructured Active Component element will deploy concurrently with that element, or as soon thereafter as possible. The RC roundout unit also has the same priority for equipment fill as its AC gaining headquarters. Presently, the Army Reserve has six units in the roundout category, and there are proposals under consideration to significantly increase the number of roundout units.

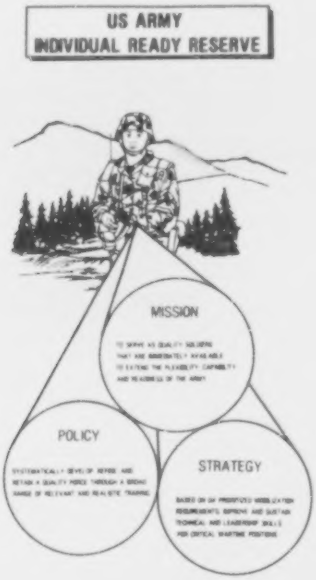
Training the Individual Ready Reserve (IRR)

The activation of the Army Reserve Personnel Center (ARPERCEN) in St. Louis has resulted in a focus on both the quality and quantity of IRR training to meet mobilization day mission objectives. A comprehensive IRR training strategy is under development. ARPERCEN's initial objective of bringing all officers and enlisted IRR personnel under centralized management has been met. ARPERCEN is moving in concert with other Army elements to implement the Congressional directive to provide a cost effective quality training program for the IRR by 1988.

IRR Officer Specialty Training

Expansion of IRR training funds has supported a significant increase in the number of IRR participants in major Active Component training exercises throughout the United States and overseas. During 1983 and 1984 IRR, for example, members accompanied Active Component units training at the National Training Center. The training they received was both realistic and comprehensive.

The Chief, Army Reserve is responsible to ensure that IRR members are prepared to serve effectively upon mobilization. The Commander, ARPERCEN has command and control of the IRR under the functional management of the Chief, Army Reserve. The creation of ARPERCEN aligned the management of the IRR with the ARSTAF agency (Office of the Chief, Army Reserve) that has responsibility, in coordination with DCSOPS and DCSPER, for training policy of IRR members.


US ARMY
INDIVIDUAL READY RESERVE
MISSION
TO SERVE AS QUALITY SOLDIERS THAT ARE IMMEDIATELY AVAILABLE TO EXTEND THE FLEXIBILITY, CAPABILITY AND READINESS OF THE ARMY
POLICY
SYSTEMATICALLY DEVELOP, REFINE AND RETAIN A QUALITY FORCE THROUGH A BROAD RANGE OF RELEVANT AND REALISTIC TRAINING
STRATEGY
BASED ON DA PRIORITIZED MOBILIZATION REQUIREMENTS, IMPROVE AND SUSTAIN TECHNICAL AND LEADERSHIP SKILLS FOR CRITICAL WARTIME POSITIONS

In response to Congressional concerns, the Department of Defense has directed that military occupation specialty (MOS) refresher training for the IRR be conducted beginning in FY 85. This will be part of the IRR training strategy that is under development. To implement that strategy, the Office of the Chief, Army Reserve will develop a comprehensive IRR training management plan.

The plan will directly allocate available training funds and ensure that all available resources are efficiently utilized to achieve maximum training effectiveness. The plan will allow managers to clearly quantify their training requirements and to track resultant improvements in the mobilization readiness of individuals trained within the program's purview.

Training Reserve Component Senior Noncommissioned Officers (NCOs)

Army Reserve participation in the resident and nonresident programs of the US Army Sergeants Major Academy (USASMA) has significantly increased from 1981 to 1985. The number of Army Reserve NCO's participating in the resident course has increased nearly threefold, and nonresident course enrollment has increased by more than 40 percent. Resources have been approved to expand USASMA's Total Army instructional facilities located at Ft. Bliss, Texas. In FY 1985, Army Reserve NCO's will also participate for the first time in the resident First Sergeant Courses. A total of 66 senior Army Reserve NCOs have been selected for these senior level enlisted courses.

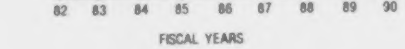
During 1984, increased emphasis was placed on educational courses available to Army Reserve noncommissioned officers. Effective 1 July 1985, regulations will require the completion of Reserve Component NCO courses or Active Component resident NCO courses for Reserve promotion consideration. This change underscores the commitment by the Army Reserve to improve its junior NCO leadership's technical competence.

Army Reserve Aviation

Effective management of Army Reserve aviation training resources requires the identification and utilization of Army Reserve training seats at Army service schools by individuals and Reserve unit members. In FY 85 Army Reserve centralized training seat management will be greatly expanded.

US ARMY RESERVE AVIATION

FLYING HOUR PROGRAM



The Army Reserve Flying Hour Program in FY 85 includes 85,200 hours for Army Reserve unit aviators and 5,200 hours for IRR aviators.

The Army Reserve has developed a plan to increase its aviation contribution to the Total Army by modernization and reorganization. This plan proposes to modernize the Army Reserve aviation structure through the addition of three aviation group headquarters which will include five combat aviation battalions, one general support aviation battalion, and four of the 15 new attack helicopter battalions designated for the Army Reserve Components. These battalions will be organized as part of an improved functional command and control structure which is still in the planning stage.

AH-1S (COBRA)

Additional Drill Assemblies

As the missions, responsibilities and training tempo of the Army Reserve increase, the significance of additional drill assemblies (ADA) for its troop program units increases. There are several varieties of ADAs currently in use by Reserve troop program units:

- Additional flight training assemblies -- Each Army Reserve unit aviator is authorized up to 24 additional training assemblies annually to maintain his flight proficiency.

- Additional airborne unit training assemblies -- Personnel of Army Reserve airborne units are authorized six additional training periods each year to maintain their airborne skills.

- Additional assemblies for nuclear training -- These additional training assemblies, first authorized in 1985, are used to maintain selected unit members' nuclear weapons employment planning skills. Four additional assemblies each year are authorized for each selected unit member.

- Additional training assemblies -- Selected unit members are authorized up to 12 additional training assemblies annually for training planning and preparation.

Most of these programs have remained quite stable for the past several years. Growth has been programmed in these areas commensurate with future Army Reserve mission expansion.

Training Simulators

Since FY 84, the Army has been developing training devices specifically to improve readiness. The procurement of the Multiple Integrated Laser Engagement System (MILES) resulted in 30 major Reserve Component training sites being equipped with this training aid. Also in FY 85, the Army is procuring video disk tank gunnery trainers for each Army Reserve tank company and armor oriented training divisions.

The Prior Service Training (PST) Program

The Prior Service Training Program provides retraining of prior service personnel whose primary skill does not match that of the position they fill in the local Army Reserve unit. This program is expected to increase unit personnel readiness and reduce retraining requirements of Army Reserve units. We expect to train 3,000 personnel in this program in FY 85.

Army Medical/Dental Training for Reservists

The number of Army Reserve medical and nursing personnel has increased dramatically in recent years. In view of these increases, new programs have been developed to enhance retention and increase specialized training.

These programs include increased medical personnel participation in combat casualty care, chemical casualty, and biological warfare and infectious disease courses. A special course designed to enhance physician skill in deployment medicine was initiated in January 1985, with a second course planned for July 1985. The focus is to expand skills in areas where expertise will be critical upon mobilization.

To retain its medical personnel, the Army Reserve has implemented flexible medical training programs. These programs can be found at all levels of the Army Reserve. Some medical units permit their personnel to train on a mutually agreeable schedule other than the normal drill dates. The First Army Medical Augmentation Detachment assigns Medical Corps officers to units requiring their medical skills somewhere within the army area and then attaches them to other units for administration. Army Reserve physicians have a flexible drill and annual training schedule at or near their homes; upon mobilization, they report to their actual units of assignment.

Enlisted Medical Training

The Health Services Branch of ARPERCEN's Enlisted Personnel Management Directorate coordinates training for IRR members under the Continuing Health Education Program. This training helps enlisted Reservists with health care skills to develop and update their specialties, and to ensure high standards of professional performance. The training also includes attendance at lectures, scientific meetings, seminars, workshops, clinical traineeships, mini-residencies, and courses given by health services societies.

Many Army Reservists are unable to leave their civilian occupations for the extended period of time required to pursue Army Reserve medical training in a resident program. As a result, the Reserve Components Trainers Conference was established to review existing resident training programs and to prepare the courses for use in the Reserve Components. Several specialty courses have been reviewed under this program and more are scheduled for this fiscal year.

In addition to new and advanced training, sustaining medical skills also requires a great deal of attention. In unit and individual training emphasis is placed on the ability of medics to perform under all circumstances. Extensive opportunities also exist for medical personnel assigned to the IRR to maintain their medical skills through site support of Reserve units at annual training and through readiness training at Army medical treatment facilities.

School Training

Initiatives requiring more Reservists' participation in active duty schooling and the continuing expansion of the Army Reserve school system have caused significant growth in the School Training Program. School Training funds support refresher and proficiency, career development, undergraduate pilot and officer candidate training.

Funding growth in the School Training account from FY 82 to FY 84 has increased at a rate of almost $10 million per year. School Training funds support many of the highest training priorities of the Army Reserve such as MOS qualification. Even though school funds have increased, there remain many reservists who require MOS qualification schooling. School funds are programmed for future growth to support improved skill qualification. FORSCOM initiatives to better manage school funds will also contribute to alleviating Army Reserve MOS mismatches.

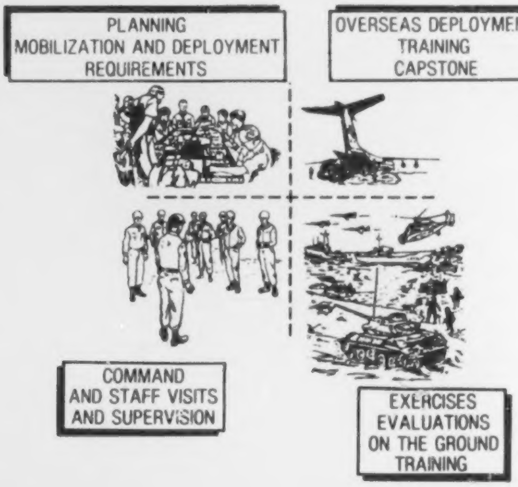
Career development training is a mandatory requirement for officer promotion and subsequent retention in the Reserve Components. Increases in school funding will allow more Army Reserve officers to participate in active duty training phases of courses required to meet mandatory professional development requirements. An improvement in promotion selection and retention rates is expected based on increased funding.

Strong growth in School Training funds, an intensified FORSCOM school management system, and continued Army staff support will resolve many USAR school training problems in the future.

Army Reserve Special Training Funds

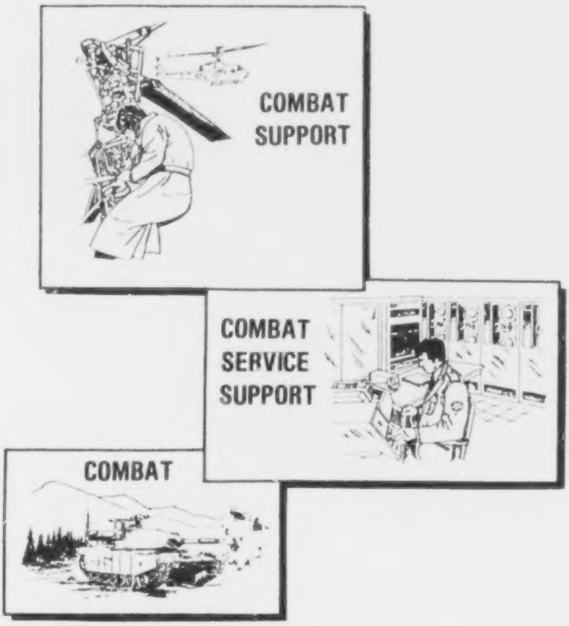
Army Reserve missions range from combat to combat support and combat service support. From 1981 to 1985 the Total Army dependence upon Army Reserve units to perform a greater part of each of these missions has grown. Special training funds pay for the activities required to prepare Army Reserve units to meet these missions.

SPECIAL TRAINING FUNDS SUPPORT THE FOLLOWING TRAINING AREAS


PLANNING
MOBILIZATION AND DEPLOYMENT
REQUIREMENTS
OVERSEAS DEPLOYMENT
TRAINING
CAPSTONE
COMMAND
AND STAFF VISITS
AND SUPERVISION
EXERCISES
EVALUATIONS
ON THE GROUND
TRAINING

From FY 81 to FY 85, growth in the Army Reserve Special Training account averaged $12.5 million per year. Special training allows Army Reserve units and unit personnel to participate in exercises, provide command and staff supervision, and conduct detailed planning. It should be noted that this special training greatly enhances the effectiveness of units' regularly scheduled drills and training periods. Special training funding has also supported significant increases in the number of units participating in overseas deployment training, CAPSTONE activities, and premobilization planning.

SPECIAL TRAINING SUPPORTS ARMY RESERVE MISSIONS



Funds for competitive events in military skills also provide highly visible representation for the Army Reserve at national and international events and enhance mutual efforts with our NATO allies. The dollar cost for competitive events, although growing, represents less than 1% of the Army Reserve Special Training account. The Army Reserve is especially proud of its four medalists at the 1984 Los Angeles Olympic Games. They are representative of thousands of Army Reservists who compete and train for military readiness.

Physical Fitness in the Army Reserve

The Army Reserve continues to administer the Army Physical Readiness Test to eligible TPU members during annual training and to eligible IMA and IRR members when they perform their annual or mobilization training. During FY 84, the Army Fitness School and Research Institute graduated the first four Army Reserve master physical fitness trainers. The Army Family Fitness Manual (DA Pam 350-21), the Individual Fitness Handbook (DA Pam 350-18), and the Commanders Fitness Handbook (Da Pam 350-15) were recently made available for Army Reserve unit distribution. Physical screening for Reservists age 40 and over was initiated for the Army Reserve during required quadrennial physical examinations in FY 84.

Under this program, all soldiers age 40 and over are required to undergo cardiovascular screening before taking the Army Physical Readiness Test. In July 1984 the Army decided to expand the 40-and-Over Cardiovascular Screening Program to include Reserve Component (RC) soldiers. In order to comply with this decision, a pilot program is being conducted in Virginia during FY 85. All other RC personnel who have not yet received their 40-and-over cardiovascular screen will receive it as part of their routine quadrennial physical examinations. Only those soldiers who have passed phase I of the cardiovascular screen will be permitted to take the physical readiness test.

Increased Resident Service School Training Opportunities

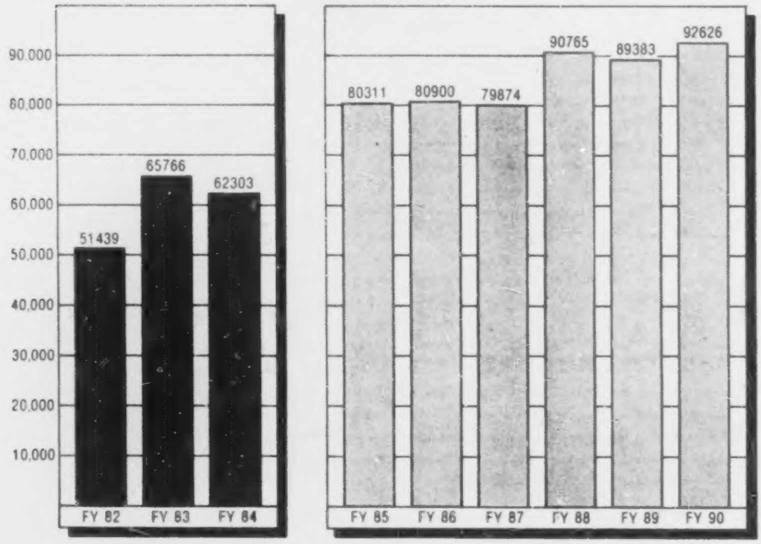
Since 1981 improvements have been made in the management of Army Reserve resident course training needs. From a decentralized system in which many commands reported requirements and allocations, the Army Reserve is moving to an automated system which identifies all requirements. Utilization of available service school courses has undergone a dramatic improvement due to centralized requirements development and greater publicity of various course opportunities for Army Reserve units and individuals. Increased resident schooling opportunities will allow the Army Reserve soldier to receive the same training on new equipment and doctrine as that received by his Active Component counterpart.

US Army Reserve Schools

During the 1970's, local US Army Reserve schools had an authorized strength of approximately 6,000. The FY 85 strength for USAR schools stands at 10,132. There are 71 MOS courses available for instruction in Army Reserve schools, with more on the way.

Army Reserve schools operate as troop units to provide requisite military education to members of the Army Reserve, the Army National Guard and the Active Army. Army Reserve schools offer training in the Command and General Staff Officer Course, officer advanced courses, the Warrant Officer Entry Course, enlisted MOS courses, and NCO leadership courses of the Noncommissioned Officer Education System (NCOES). The increasing enrollments are supported by a combined staff and faculty of more than 10,000. Particular emphasis and direction is directed toward MOS and NCOES courses, which on the average comprise 70-75% of our total enrollment.

US ARMY RESERVE
SCHOOL ENROLLMENTS



Reserve Officer Education: Where It Stands

All newly commissioned officers are now required to attend a resident officer basic course at their branch service schools. All Army officer basic courses have been revised to accommodate this training requirement. Branch officer advanced courses have also undergone major revisions to provide more up-to-date training.

All officer advanced courses completed through a nonresident option will require a minimum of two, two-week ADT phases in residence at branch service schools for study of specific branch subjects and training which cannot be effectively presented through correspondence courses. The increased emphasis and support by the Congress for school training funds will provide more effective resident training opportunities to a greater number of Reservists.

Mandatory resident skill qualification training was approved in 1984 in order to improve the quality of military education of Army Reserve officers. The officer basic course has been lengthened to a minimum of eight weeks. All directly commissioned lieutenants must now attend and complete a resident basic course. The previous option of correspondence course study has been dropped.

Completion of an officer advanced course now requires a minimum of four weeks in residence, replacing the previous 100% correspondence option. Resident advanced courses are being revamped to expand the curriculum to a minimum of fourteen weeks. The first of these expanded courses was conducted at the Engineer School. In keeping with the Total Army policy, Army Reserve officers are fully integrated with Active Component officers in all resident schools.

Equipping, Modernizing, and Sustaining

The Army Reserve is a part of the Total Army's equipment requirements. The support of the Congress in the past two years has made it possible to come much closer than ever before to meeting the objective of equipping for combat readiness.

New facility construction, authorized by past Congressional action, gives the Army Reserve a sound structure of professionally adequate facilities. Those facilities help the Army Reserve to attract recruits, retain and train them to a high state of readiness, and to maintain equipment economically.

Equipping the Reserve Force

Equipment shortages, the most serious limiting factor affecting readiness in the Army Reserve, are a long-standing problem which will not be easily solved. Based upon equipment on hand in Army Reserve units, wartime equipment requirements are presently at about 50% fill, and peacetime fill authorizations are at approximately 60%. These figures, which have improved only slightly over the past four years, are consistent with percentages of Army Reserve units rated combat ready (C-3 or better).

Nevertheless, significant progress has been made in obtaining substantial quantitities of more modern equipment for the Army Reserve. Since 1980, the Army Reserve has received over $339 million in dedicated procurement funding as a result of Congressional and OSD initiatives. Consequently, the dollar value of equipment issues to the Army Reserve increased from $60 million in FY 82, to $95 million in FY 83, and $150 million in FY 84. FY 85 issues are expected to total over $300 million from all sources including redistribution of Active Component current generation equipment. Five-ton trucks, wreckers, semitrailers, power units, generators, radios, field telephones, and materiel handling equipment such as cranes and fork lift trucks are but a few of many items which have been distributed to the Army Reserve from new procurement over the past two years.

The general guideline for distributing equipment within the Total Army continues to be first-to-fight, first equipped. Under this precept, Army Reserve units are interspersed in the equipment distribution queue among Active Component and National Guard units, according to their planned deployment dates. The result of this policy is that early deploying units are relatively well-equipped, while shortages are concentrated in late deploying units. It is therefore necessary to temper our adherence to the first-to-fight methodology by other considerations.

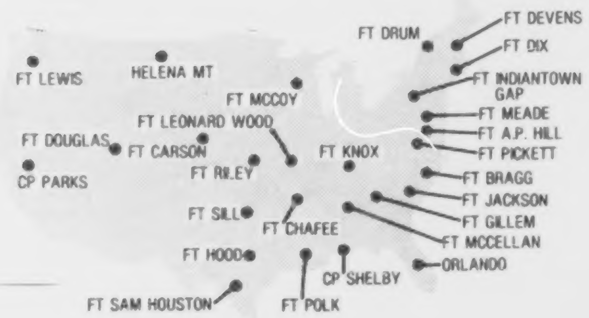
Essential Equipment for Training the Army Reserve

The Minimum Essential Equipment for Training (MEET) Program was initiated in July 1983 to remedy equipment shortages that impair unit training in Reserve Component units. The program's initial emphasis is on late deploying or nondeploying units such as training divisions, where equipment shortages are particularly severe. For the Army Reserve, the objective is to fill shortages of over 300 items in specified units by the end of FY 86. As of October 1984, over 120 MEET issues were made to designated Army Reserve units from depot maintenance programs and redistribution as well as from new procurement. MEET items include trucks, trailers, tracked vehicles, night vision devices and communications equipment. The Army is institutionalizing and extending the MEET program to all its Components by developing MEET requirements for each type unit. This program coupled with the existing distribution system will go far towards reducing equipment shortages that impair unit training.

Equipment Concentration Sites

~~Another~~ means of making equipment available for training Army Reserve units is the use of Equipment Concentration Sites (ECSs). There are 27 such locations to upgrade maintenance, provide adequate storage and security of pooled equipment, support training requirements, provide custody of unit equipment needed in the event of mobilization, and reduce the new construction requirement at individual Army Reserve centers.

EQUIPMENT CONCENTRATION SITES
(ECS)


FT DEVENS
FT DRUM
FT DIX
FT LEWIS
HELENA MT
FT INDIANTOWN GAP
FT MCCOY
FT MEADE
FT LEONARD WOOD
FT A.P. HILL
FT DOUGLAS
FT CARSON
FT KNOX
FT PICKETT
FT RILEY
CP PARKS
FT BRAGG
FT JACKSON
FT SILL
FT CHAFEE
FT GILLEM
FT MCCELLAN
FT HOOD
CP SHELBY
ORLANDO
FT SAM HOUSTON
FT POLK

US Army Reserve Commands (ARCOMs) supervise the operation of the ECSs. Currently one additional ECS system is under construction. During 1984 the Equipment Concentration Site Staffing Guide was revised to provide adequate staffing.

Helicopters for the Reserve

Army Reserve helicopters are aging and becoming increasingly difficult to maintain. In FY 83-84 the first UH60 Blackhawk helicopters were issued to the Army Reserve. Four of the five Army Reserve aviation intermediate maintenance (AVIM) companies each received one Blackhawk to use for maintenance training to meet their wartime mission requirements. These UH60s are part of the Operational Readiness Float (ORF) Program; they are repaired and returned to supported Active Component units. The balance of the Army Reserve helicopter fleet consists of older UH1H (Huey), OH58A (Kiowa), and the CH-47A/B (Chinook) model helicopters.

Fixed Wing Aircraft in the US Army Reserve

The Army Reserve fixed wing aircraft fleet is also very old and is becoming increasingly difficult to maintain. The average aircraft age is approaching 25 years and includes some aircraft that have nearly 30 years of service. Over the past few years, extensive upgrading of the existing U8 fleet has been contracted because newer U21 and C12 aircraft have not yet been programmed for the Army Reserve.

These upgrades were supported by FY 83 dedicated procurement funds used to purchase new avionics packages for all Army Reserve U8 aircraft. Also included is an ongoing U8 engine upgrade project funded through the depot maintenance program. These upgrades have resulted in better avionics and performance reliability, improved capability, and enhanced safety in an aircraft programmed to remain in the Army Reserve inventory until 1995.

Clothing and Individual Equipment

Issue of new temperate climate camouflaged battle dress uniforms to the Army Reserve began in FY 82. Resource constraints dictated that initial issues be limited to fair wear and tear replacement of the old OG507 fatigues. Unlike the Active Component, Army Reserve members receive replacement items rather than a clothing maintenance allowance. In FY 84, however, sufficient funds were made available to begin one-for-one replacement of the old fatigues to the full allowance of three battle dress uniforms for Reserve unit members. Early deploying Army Reserve units also began to receive issues of the new Kevlar helmet in FY 84. The Army Reserve will also issue the new camouflage field jacket to unit members in FY 85.

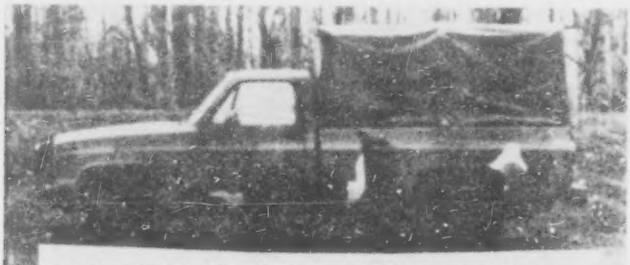
Chemical Protective Clothing

Other programs also contribute to enhanced readiness and sustainability of Army Reserve units. One such program is the issue of the Army new camouflaged chemical protective battle dress overgarment (BDO).

Before the end of FY 86, plans call for the issue of one complete set of BDOs to each member of a Reserve unit scheduled to deploy before D+60. During FY 85, 17,000 sets are slated for issue to the Army Reserve, with an additional 133,000 sets in FY 86. Additional nuclear, biological, and chemical warning, detection, and decontamination items are also programmed for distribution to the RC during this period.

Force Modernization Initiative

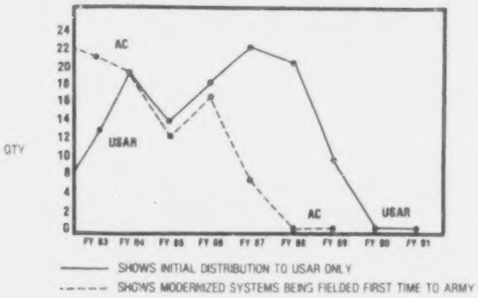
Modernization of the force, including the US Army Reserve, continues to be a high priority issue for the Army. Through 1991, the Army Reserve will be receiving a number of new and modernized systems including the Blackhawk Helicopter, the Bradley Fighting Vehicle, and the Commercial Utility Cargo Vehicle (CUCV).



COMMERCIAL UTILITY CARGO VEHICLE (CUCV)

The executability of modernization initiatives is considered as part of the Total Army posture. Specific guidelines for the transition to new organizational designs and equipment are established in detailed Force Modernization Master Plans. Semi-annual workshops are conducted to assess the ability of the Active and Reserve Components to receive new equipment, train with it, and maintain it. Implementation of these procedures has enhanced the Army Reserve's ability to modernize in step with the Active Component.

FORCE MODERNIZATION



Special Operations Forces in the Army Reserve

Much of the Total Army force structure for special operations including special forces, civil affairs, and psychological operations units, is in the Army Reserve. Together, these units and their Active Component counterparts comprise the category of Army units designated as special operations forces (SOF). All these units, including those in the Army Reserve, are under the proponency of a single special operations command (First SOCOM).

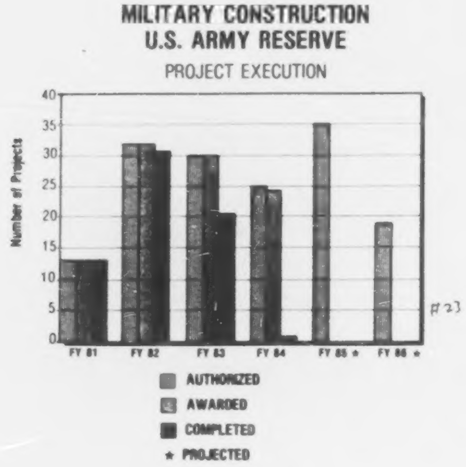
There has been a longstanding effort to modernize the SOF, to improve its force structure, and to increase available resources for equipment and training. These initiatives have been prompted, in some measure, by interest of Congressional leaders aware of increasing operational requirements for SOF. These efforts have gained further impetus as the result of the contributions of Army Reserve civil affairs personnel during the Grenada rescue operation, Urgent Fury.

Improved organizational structures are being developed for Army SOF units, and a new Army Reserve unit is being activated to assume a major role of both peacetime and wartime support of First SOCOM.

Modernization and resourcing of Army Reserve SOF units is expensive and complicated, since much of the equipment involved is unique and generally found only in SOF units. Successful modernization of such units requires a continuing funding commitment.

New Facility Construction

During FY 84, the Army Reserve enjoyed another successful year in upgrading and replacing its facilities. The key to this success was developing an executable program prior to submitting it to Congress for funding. Design of major construction projects is being accelerated to have projects 100% designed and ready for contract at the time the program is approved by Congress. As a result of timely execution of the FY 84 and prior year programs, plus a favorable construction market and Congressional approval of our reprogramming requests, six additional projects were executed. In FY 85, construction of six new replacement centers and two multipurpose field training ranges will begin. Additionally, work will begin on the modernization and expansion of 24 existing Army Reserve centers.



#23

Managing, Mobilizing, and Deploying

These are the activities that give the Army Reserve program its reason for being. Personnel are the backbone of the program, training its muscle, and structuring, equipping, modernizing, and sustaining its bag of tools. How well we mobilize and deploy is determined by how well we manage. Mobilizing and deploying are what the Army Reserve exists to do. These are our top priorities. While the Army Reserve is better ready to mobilize and deploy in 1985 than ever before, improvement of these capabilities is still needed.

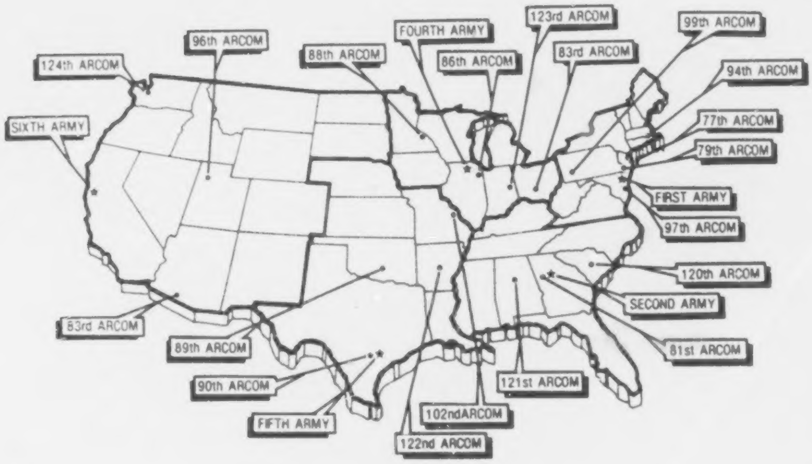
Force Structure and Management Developments

Since the Army Reserve began to increase its paid drill strength in the late 1970's, there has been a requirement for increased force structure. The Army has been directed by DoD to expand its trained in unit strength and ensure that troop units are manned by personnel with adequate military training. In FY 83, the Deputy Chief of Staff for Plans and Operations imposed a force structure allowance (FSA) on the Army Reserve, similar to the cap imposed on the Active Component. The FSA generally controls growth in the RC troop unit structure; however, the FSA is periodically adjusted as the Army Reserve demonstrates its ability to activate and fill new or upgraded units. Expansions of Army Reserve FSA are programmed for 1986 to 1991.

Reorganizing the Command and Control Structure

During FY 84-85, the Army reorganized some of its command and control structure for the Army Reserve. This reorganization included the elimination of nine Army readiness and mobilization region headquarters and the activation of two additional continental US Army (CONUSA) headquarters.

US ARMY RESERVE COMMAND HEADQUARTERS


123rd ARCOM
99th ARCOM
FOURTH ARMY
96th ARCOM
88th ARCOM
86th ARCOM
83rd ARCOM
124th ARCOM
94th ARCOM
SIXTH ARMY
77th ARCOM
79th ARCOM
FIRST ARMY
97th ARCOM
120th ARCOM
SECOND ARMY
63rd ARCOM
89th ARCOM
81st ARCOM
121st ARCOM
90th ARCOM
102ndARCOM
FIFTH ARMY
122nd ARCOM

As a corollary, US Army Forces Command (FORSCOM) initiated a Future Refinements Study to determine ways to improve the Army Reserve command and control structure. The emphasis was on refining command relationships to improve unit readiness and conserve funds. In late 1984, the Future Refinements Study was completed, and the report with recommendations was submitted to Headquarters, Department of the Army. One of the most pressing problems explored in this report was the need for upgrading Reserve automated mobilization data handling and linkage to the Active Component.

Automation Support for the Army Reserve

Numerous studies and experience gained through mobilization exercises have identified significant problems in Reserve Component automation support. The Continental Army Management Information System (CAMIS) is being developed as a major computer based information resource management system that will support the Army Reserve and Army National Guard command and control system. CAMIS will interface with current and projected standard Army management information systems to provide accurate information to Army decision makers at all levels. It will be the primary mobilization support system for the Reserve Components. By relieving commanders and staff of time consuming administrative duties, CAMIS will allow them to concentrate on leading, training, and planning. This will serve to improve mobilization readiness, planning, and program execution.

A Demonstration CAMIS Validation System developed to test concepts to be included in Mainline CAMIS has been successfully used in several mobilization exercises. Demonstration CAMIS was also utilized to validate, evaluate and refine Reserve Component requirements for automation in Mainline CAMIS.

Since the fielding of Mainline CAMIS is several years in the future, and the Demonstration CAMIS network had provided a partial, unclassified capability to support the planning and execution of the Reserve Component's mobilization mission, the Army made provision to continue this interim system. The network was renamed Developmental Army Readiness and Mobilization System (DARMS), and will continue functioning until Mainline CAMIS is operational.

A request for proposal for Mainline CAMIS was released to industry in FY 1984 and responses were received in January, 1985. These proposals are currently being evaluated and a "compute-off" contract will be awarded to the two or three top proposals in first quarter of FY 86.

Funds to support the CAMIS "compute-off" in FY 86 are programmed, and Mainline CAMIS is scheduled to begin in FY 87.

The Reserve Participation Accounting System

The Reserve Participation Accounting System (RPAS) is now the management responsibility of the Chief, Army Reserve, through ARPERCEN, and action has been taken to improve its accuracy and timeliness. ARPERCEN expects significant improvements in this system which tracks all authorized participation in Reserve training activities to be apparent later this spring.

RPAS will provide:

- Maximum application of existing Army Reserve automated data bases to streamline and reduce the manual data capture.

- Utilization of other Army automated data bases to capture active duty data of personnel transferring from the Active Component to the Army Reserve.

- Enhancement of individual members' understanding of participation reporting, its importance to their careers, and what actions must be taken if the data reported are incorrect or incomplete.

- Initiation of a comprehensive information campaign concerning the importance of RPAS to Reservists, and the responsibilities of ARPERCEN, FORSCOM units, and each individual in the efficient operation of the RPAS.

RPAS is expected to significantly improve Army Reserve retention.

Any effort to successfully apply automation to the management of the Army Reserve must recognize several factors:

- The extremely large numbers of soldiers within the Army Reserve.

- The dynamic nature of the strength of the various control groups of the Army Reserve.

- The complexity inherent in accounting for individuals who share roles and responsibilities in the civilian and military sectors.

- The requirement for compatability among Total Army data bases.

While accommodating these factors and acknowledging the continued importance of the existing main mobilization data base for overall personnel accountability, ARPERCEN has recognized the value of utilizing a number of smaller compatible systems to tailor individual data bases to the needs of each Reserve management mission. In applying automation technology in this manner, more efficient personnel, training, mobilization, accountability, and sustainment management can be effected.

The goal of automation technology within ARPERCEN is to provide each manager the timely and accurate data needed to manage for mobilization.

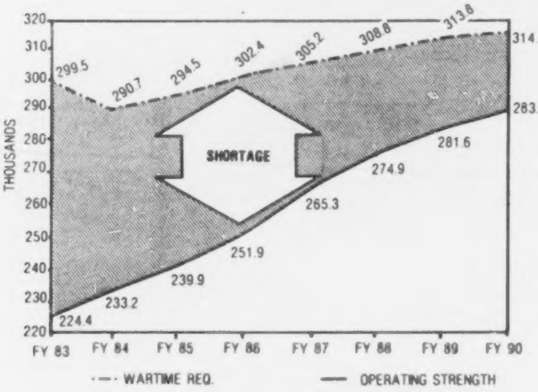
Accurate Strength Counting - the Individuals Account Initiative

Historically, the inclusion of untrained, newly assigned personnel in unit strength has impeded progress toward the Army Reserve's efforts to meet its assigned readiness goal of 90% trained in unit strength as measured against wartime requirements by 1990.

To achieve this goal, an individuals account comprised of unit personnel in the training pipeline was established by the Secretary of the Army, effective 1 October 1984. As a result, assigned, through as yet untrained, personnel will no longer be calculated in unit readiness ratings.

COMPARISON OF WARTIME TO ACTUAL/PROGRAM

STRENGTH IN UNITS OF THE ARMY RESERVE



* DOES NOT INCLUDE UNTRAINED MEMBERS

Mobilization Training Increases

Congressional support has resulted in significantly increased mobilization specialty training during the past five years. The focus has been to train available IRR personnel in the grades and specialties required by RC and AC units upon mobilization.

Continuing increases in mobilization training funds will enable more IRR personnel to train, and will provide more career development opportunities producing better motivated and trained individual Reservists. FY 85 mobilization training funds provide a 60 percent manday increase over FY 1984. We anticipate training about 35 percent more IRR personnel in FY 85 than in FY 84. Increased tour length and participation will substantially improve the IRR's readiness posture.

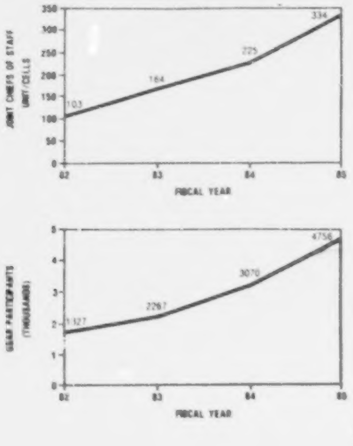
Deploying Overseas

The Overseas Deployment Training Program ensures realistic periodic training in areas where Army Reserve units may have to deploy pursuant to contingency operation plans. High priority Army Reserve units are projected to train overseas once every three years. Other units within the D to D + 60 category are programmed for overseas training once every five years. Reserve Component participation in overseas deployment training has increased from 26 units in FY 76 to over 650 units/cells this year. The result is increased, realistic, mission oriented training.

Joint Chiefs of Staff (JCS) Exercises

A basic objective of US Army Forces Command is to exercise all major Reserve Component units through participation in major exercises sponsored by any of the unified, specified or combined commands. Such exercises will normally constitute annual training for participating individuals and units.

US ARMY RESERVE
JOINT CHIEFS OF STAFF
EXERCISE PARTICIPATION



Army Reserve participation in JCS overseas exercises has grown from 103 units/cells in FY 82 to more than 330 participations in FY 85. The JCS exercises program involves overseas deployment of equipment and troops in varied environments from Europe to Southwest Asia to Pacific and Central America.

The Army Reserve and the Americas

During FY 84-85, overseas deployment training (ODT) provided Army Reserve units the opportunity to plan for and train in Latin America. Mission training was enhanced by operating in a tropical environment unavailable in the continental United States. An Army Reserve civil affairs brigade has regularly provided training support to SOUTHCOM. This brigade has provided excellent support, made significant contributions to SOUTHCOM's mission, and received real world civil affairs training as part of its CAPSTONE affiliation with SOUTHCOM. Another Army Reserve civil affairs brigade has provided significant civil affairs support to the Republic of Grenada and is assisting in the rehabilitation of that country's schools. These efforts have been instrumental in paving the way for additional Army Reserve contributions to SOUTHCOM as well as providing unique training opportunities in this area.

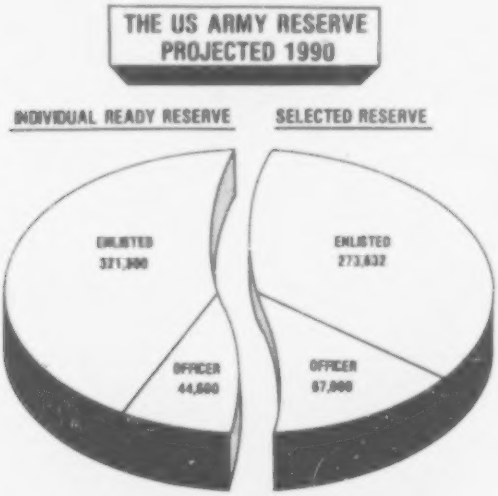
SECTION III

THE NEXT STEP - FY 86 AND BEYOND

Citizen soldiers are historically the most cost effective form of national defense. Their military training enhances their civilian productivity. Their ability to fill in as fulltime, come-as-you-are soldiers without the overhead costs of fulltime personnel, represents savings in the military budget. The rapid deployment capability of the 1980's Army Reserve is particularly cost effective because of the ability of Reserve units and individuals to reinforce, fill or replace Active Component forces, in expensive, high technology skill areas.

Personnel, FY 86 and Beyond

Personnel actions in FY 86 will focus upon filling of high priority positions and recruiting of quality soldiers. Special attention will be given to critical, high technology skill areas. An increase of 40,000 Reserve unit members is projected by 1990. Continued growth in Army Reserve personnel is essential if we are to reduce the gap between our trained-in-unit strength and wartime requirements.



TOTAL STRENGTH US ARMY RESERVE (1990) 707,132

The New GI Bill

Beginning in July 1985, the Education Benefits Program (the New GI Bill) will provide members of the Army Reserve up to $140 a month for as much as 36 months of full time college or college equivalent study. The Reservist must agree to serve six years in the Selected Reserve. The Education Benefits Program is expected to attract about 2,300 participants in the last quarter of FY 85 and nearly 18,000 in FY 86.

Recruiting in FY 86 and Beyond

The FY 86 budget continues evolutionary program growth during a critical recruiting and retention period. The number of potential recruits in the 17 to 24-year-old prime prospect market is steadily shrinking. This means more competition with industry and with other services seeking to enlist young men and women from the same declining population. It will require the Army Reserve to initiate, renew, or expand its advertising program across the board to interest eligible prospects in junior colleges, trade schools, and young adults in the workforce in joining the Army Reserve. Greater emphasis will also be placed on retention advertising and direct mailings to Reservists and their families designed to reduce attrition.

Studies indicate that the pool of eligible nonprior service men and women will continue to shrink until about 1990, after which there will be an upward trend. This indicates a clear need to maintain our recruiting and retention advertising. Beginning in FY 86, the Army Reserve will be part of a market survey that will further measure advertising effectiveness and allow us to finetune our advertising to achieve maximum impact at minimum cost. Effective advertising will continue to be one of the most important tools for maintaining the personnel strength of the Army Reserve.

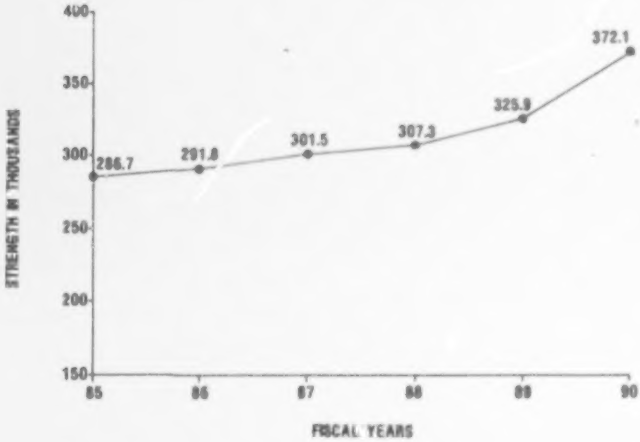
Full Time Unit Support (FTUS) in FY 86 and Beyond

By FY 89, approximately 14% of our Army Reserve troop program unit strength will be full time personnel assisting drilling Reservists. We are currently refining full time support data models that will assist us in effectively managing this program growth and assigning full time support personnel where they will have the greatest impact in supporting drilling Reservists in meeting mobilization readiness goals.

The Individual Ready Reserve (IRR) in FY 86 and Beyond

The IRR reenlistment bonus is being restructured to better target wartime critical skills needed from the IRR. Army studies have identified the skills critical to the support of early deploying units and a target of 12,000 IRR reenlistment bonuses has been established for FY 86. The bonuses will help retain soldiers needed early in the mobilization process. This reenlistment bonus is one of the keys to qualitative improvement of the IRR.

INDIVIDUAL READY RESERVE
PROJECTED STRENGTH



Intensified personnel management of the IRR will be required to retain and improve this growing body of pretrained individual personnel. An integral part of IRR personnel management is training management. A comprehensive IRR training strategy program is under development to improve the mobilization readiness of soldiers in selected military occupation specialties. The strategy may range from skill training in selected critical skills to refresher training in basic skills for greater numbers of IRR soldiers. The recently increased military service obligation will provide significant growth in the IRR beginning in FY 90. Projections also indicate that the reenlistment bonus could attract an additional 43,000 reenlistees by FY 90. Increased management of the IRR will provide the Reserve qualified soldiers as members of troop units and the IMA programs in peacetime, and as mobilization assets in time of war.

ROTC in FY 86 and Beyond

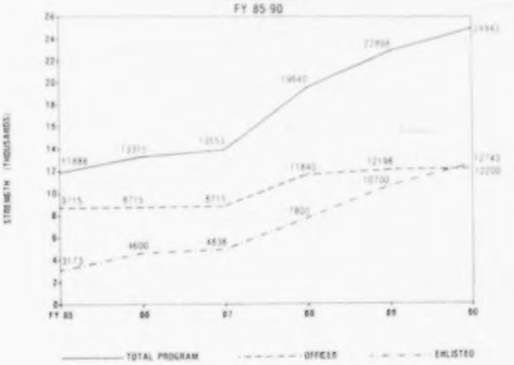
The Reserve Officers' Training Corps (ROTC) Program will produce 8,300 officers in FY 86; about 1,150 of these will be assigned to Army Reserve duty. 70% of the Army Reserve production will be scheduled for troop program unit duty, with the remainder slated for the IRR. To assist in the instruction of the increased ROTC student load, the Army Reserve has programmed an additional 157 Active Guard/Reserve (AGR) officers to as serve assistant professors of military science in ROTC detachments in FY 86.

ROTC production will reach 10,700 officers by FY 90. One third of these new officers will enter the Army Reserve. In order to increase the experience of these Reserve Forces Duty (RFD) ROTC graduates, a program is being designed to give selected officers a two year tour of duty in a combat arms branch of the Active Component. This initiative is the Reserve Component Experience Enhancement Program (RCEEP). 250 lieutenants are slated to participate in this program in FY 87; the total will grow to 750 participants by FY 91. This program is crucial to ensuring that RFD ROTC graduates bring a solid base of precommissioning training and active duty service with the Active Component with them when they join the Army Reserve as junior officers.

The Individual/Mobilization Augmentation (IMA) Program and Mobilization Training, in FY 86 and Beyond

Continued support of the IMA program and mobilization readiness training for Individual Ready Reserve personnel will allow more individual Reservists to be trained in FY 86. Programmed end strength of Individual Mobilization Augmentees will climb to 13,315 by FY 86.

INDIVIDUAL MOBILIZATION AUGMENTEE
PROGRAM GOALS
FY 85-90



FY 87 will be the departure point for significantly increased growth in the IMA program. From an FY 86 projected strength of 13,315, the program will grow to about 25,000 by FY 90. The FY 90 strength will encompass a program balanced (50/50) between officer and enlisted members. This growth will be primarily in assignments to Active Component units. IMA funding for FY 90 is projected to increase about 59 percent over FY 85.

The sustained increase in Congressional appropriations for the troop program unit authorized strength, the Individual Mobilization Augmentation (IMA) Program, and mobilization readiness training over the last five years demonstrates that the national leadership recognizes the significant contribution the Army Reserve will make in the event of mobilization. The growth of the Reserve program and its integration into the Active Component structure will make it a key element in the mobilization readiness of the Total Army.

Women Reservists in FY 86 and Beyond

We recognize that the Army Reserve's mission has numerous roles for women. By the end of FY 86 women will account for 17.5% of the Army Reserve force.

The Army Reserve's long term objective is to achieve a mix of 80% males and 20% females by 1990. This represents a female increase of approximately 1/2 % per year and emphasizes the belief that women must play an important role in our national security. Our recruiting and retention programs are constantly being analyzed to ensure that we are on target in the recruitment of women.

The Family of the Reservist in FY 86 and Beyond

Efforts are underway to establish full time positions in selected field units to work with reservists and their families. This will assist families in understanding their rights and benefits, and to resolve circumstances adversely affecting family support for the Reservist. Increased family involvement should also result in the Army Reserve having a more favorable position in the local community. The result should be improved recruiting and retention.

Training

The Army Reserve will intensify its training activities in FY 86. We expect that increased training with Active Component units will yield higher Army Reserve readiness. Expanded use of automated data processing will also increase the efficiency of training management at every level.

Reserve Officer Training in FY 86 and Beyond

There will be continuing need for Army Reserve personnel to participate in resident training to maintain required standards of proficiency and familiarization with new technological developments and systems. During FY 86 there will be increased emphasis on resident training for Army Reserve officers. In addition, FY 86 will be the first year of the new Warrant Officer Entry Course which will consist of two phases: a correspondence phase and a two week, "high stress environment," active duty phase. Both phases will be required for appointment as a warrant officer.

Training Reserve NCOs in FY 86 and Beyond

With the planned expansion of Army Sergeants Major Academy, Army Reserve participation will be increased. This objective is to have an Army Reserve NCO in each of the 25 sections. This will provide greater interface between Active and Reserve Component noncommissioned officers.

A new senior operations and intelligence NCO course for 500 students of all components will be added to the Army Sergeants Major Academy curriculum. Army Reserve units are being surveyed to ascertain which would benefit most from NCOs' attendance at this course.

Required NCO education courses will improve the tactical and battlefield leadership and survival skills of our NCOs. There is a major Army Reserve commitment to MOS enhancement training, a necessary foundation to maintain and improve MOS proficiency. By FY 87 the NCO Education System programs of instruction will be adjusted by developing specialty courses specifically for the Reserve Components. The Army Reserve anticipates the establishment of a management and coordination office for NCO education at ARPERCEN to ensure the right soldier receives the right training at the right time.

Army Reserve Aviation in FY 86 and Beyond

Aviation school quota and Flying Hour Program increases in FY 86 will allow Army Reserve aviators to become a younger, more modern, and better trained part of the Total Army. Fielding of four new attack helicopter battalions will make the Army Reserve a greater contributor to the Total Force than ever. The FY 86 Flying Hour Program is programmed to increase by 10,100 hours: 3,700 for troop program units and 6,400 for the IRR. These increased IRR hours, and the publication of a comprehensive IRR aviation training program, will permit the training of a cadre of qualified pilots prior to the fielding of the new programmed battalions in FY 87. Programmed increases will add 23 units, nearly 200 aircraft, and more than 1,800 personnel (including 480 AGR personnel) to the Army Reserve aviation structure.

Currently programmed funding will not adequately support this Reserve aviation expansion. However, future budget requests will reflect the impact of these activations and the resulting increase in flying hours and training requirements.

Additional Drill Assemblies (ADA) Program in FY 86 and Beyond

Some growth is anticipated in our ADA requirements in FY 86 and in the years to come. The increases will be caused mainly by the programmed expansion of Army Reserve aviation units and the additional flight requirements inherent in that expanded structure. Increases have been programmed in additional flight assemblies at about 12.5 percent a year beginning in FY 87. However, the pending adoption of an intensified aviation program may necessitate revision of these requirements.

Training Simulators in FY 86 and Beyond

A platoon set of Multiple Integrated Laser Engagement System (MILES) equipment is programmed for each Army Reserve battalion for training at home station in FY 86. Tank Gunnery Missile Tracking System equipment is also programmed for each Army Reserve tank battalion. Nuclear, biological and chemical warfare devices for each Army Reserve manuever battalion and M1 maintenance training devices have also been programmed to equip the first six RC regional maintenance training sites during FY 86.

Plans are being prepared to procure additional MILES devices for Reserve home station training. The purchase of additional training devices for the RC regional maintenance training sites is also being programmed. Procurement of additional stocks of training devices currently in short supply will continue.

Prior Service Training (PST) Program in FY 86 and Beyond

Resources of $26.3 million have been programmed to support the required skill training of prior service personnel joining Army Reserve units in FY 86. This program is expected to increase unit personnel readiness and reduce unit retraining requirements. Without this program the Reserve will continue to experience MOS mismatches among its prior service accessions.

Army Medical/Dental Training for Reservists in FY 86 and Beyond

The FY 86 Army Reserve the medical program will continue previous flexible training options to increase Reserve medical strength while maintaining and upgrading the quality of the force. Although the number of officers participating in mobilization training has increased, continued support is critical to meet mobilization requirements. Retention and skill enhancement through quality training is the program focus. In FY 86, increased use of these flexible training programs as MEDDET and NURSEDET should improve retention rates.

Plans for nurses' training in FY 86 include expansion of the Operating Room Nurse Program in size as well as targeted population. The US Army Recruiting Command is slated to offer attendance at the Reserve Component Operating Room Nurse Course as an option for qualified nurses who join the Army Reserve.

In FY 87 and beyond, positive efforts in flexible medical officer training should reverse historical attrition rates and result in better retention of critically needed medical personnel. Plans for expansion of the NURSEDET program include the addition of other nursing specialties and expansion beyond Army Reserve units into the IRR. As resident and nonresident courses become available for initial and advanced training of medical personnel, the number of trained medical Reserve personnel should increase. With the increased emphasis on sustaining medical skills, the Army Reserve should have the qualified medics in units and in the IRR required for mobilization.

The Health Services Branch of ARPERCEN's Enlisted Personnel Management Directorate conducts training for IRR members under the Continuing Health Education Program. This training is provided for professional development, to update skills, and to ensure quality standards of professional performance. The training also includes attendance at lectures, scientific meetings, seminars, workshops, clinical traineeships, mini-residencies, and courses given by the health services societies.

In FY 86 programmed enlisted medical training will be expanded in selected Reserve Component medical units throughout the country. It is also anticipated that progress will be made in preparing additional courses for use by the Reserve Components. Finally, management of enlisted medics in the IRR will be intensified.

Army Reserve Special Training Funds in FY 86 and Beyond

Special training is programed at company, battery, and troop level in FY 86.

The FY 86 budget request supports participation down to unit level in planning, coordination, and staff participation for overseas deployment training. The FY 86 budget requests funding to support the total requirements for all exercises and Army training evaluation programs scheduled by maneuver area and maneuver training commands, and for Reserve Components overseas deployment training in Korea.

Operational training requirements represent one-half of the Special Training Program and provide man-days to support the following missions:

- Planning for Army Reserve schools and preparation and updating of courses of instruction.
- Training in foreign language skills for intelligence personnel.
- Developing unit mobilization plans and deployment training requirements.

Support of these training missions by special training funds will allow units to improve the quantity and quality of unit wartime mission training.

Special training funds allow commanders the greatest degree of flexibility to influence correction of war-fighting, mobilization, skill level, and military occupational skill mismatch problems.

Upgrading Nonresident Instruction in FY 86 and Beyond

The present inventory of Army correspondence subcourses will be reviewed by the Army Training Support Center to identify undersubscribed, unneeded, and obsolete material. These findings will be referred to the proponent schools for action.

In order for the schools to develop standardized course materials for resident and nonresident training throughout the Total Army, funds must be made available for Reserve correspondence course development. If funds are not approved, the correspondence course program so crucial to the professional development of the Reserve Components of the Total Army may become seriously outdated. Adequate support of the correspondence course revision effort now will bear fruit for years in the future.

Resident Course Reserve Training in FY 86 and Beyond

During FY 86 a centralized system is expected to be developed for projecting training requirements for officers, warrant officers and enlisted personnel of troop program units and the IRR. This centralized procedure will accrue financial savings throughout the Army Reserve.

The full length officer advanced course (OAC) will be 20 weeks in length, with up to six weeks' additional assignment oriented training. The focus of the revised OAC will be hands-on, performance oriented tasks. A minimum of two two-week resident phases will be required for Reserve Component officers enrolled in either the Army Reserve school or the correspondence course version of the officer advanced courses. A third two-week phase may be conducted at the option of the branch school.

Equipping, Modernizing, and Sustaining in the Future

The Army Reserve continues to modernize its equipment in order to be an effective element in the Total Army. The FY 86 program allows for an aggressive program of maintaining old equipment, training Reservists to maintain as well as operate their equipment, and acquiring stocks of new combat and combat support items. Modernization projections albeit modest, are absolutely essential.

Equipment in FY 86 and Beyond

Equipment shortages are a long standing problem in the Army Reserve as well as in the Active Component. However, we expect to see continued improvements during FY 86.

ARMY RESERVE EQUIPMENT DISTRIBUTION

ITEM	FY 85	FY 86	FY 87
M60A3			138
HMMWV	131	176	443
Truck 5 Ton	703	98	378
Black Hawk		9	18

Receipt of M60A3s in FY 87 will fill 84% of Army Reserve peactime tank authorizations with late model current generation tanks. High mobility multipurpose wheeled vehicle (HMMWV) receipts through FY 86 will fill shortages in selected high priority, early deploying units; 5-ton trucks will be issued to a substantial portion of late deploying Army Reserve units; and Black Hawk deliveries will also be provided in limited quantities for aviation training.

In FY 87 and beyond, the Army Reserve will carry out a program of equipment issue supported by Congressionally directed dedicated procurement funds. Minimum essential equipment for training (MEET) for late deploying units will be provided and significant quantities of selected critical items will be issued to deploying units. As the force grows and equipment ages, a commitment to equipping is absolutely essential. Equipment valued at over $2 billion is expected to be issued to the Army Reserve prior to FY 90.

The MEET program will be operational for the Total Army in FY 86. The program is designed to take advantage of our automated systems for inventory, distribution, and requirements computation. This program will ensure that we have the equipment needed to train our units in their wartime missions.

Equipment Concentration Sites (ECS) in FY 86 and Beyond

The Army Reserve will continue to program expansion of its equipment concentration sites (ECSs). These sites are vital to Army Reserve mobilization efforts, and by increasing the efficiency of Reserve equipment maintenance, storage and handling, they contribute significantly to the overall readiness of the Total Army. There are seven ECSs under design with construction projected for FY 87-90. These new ECSs will prevent equipment deterioration and help cut overall equipment maintenance and warehousing costs.

Helicopters in FY 86 and Beyond

As a result of programmed force structure changes and other increases, the Army Reserve will add 15 aviation battalions as well as other aviation elements beginning in FY 86. These aviation units will be equipped with several varieties of helicopter new to the Army Reserve such as AH1Ss (Cobras) and CH47C/Ds (Chinooks). Army Reserve aviation units will also receive additional UH60s (Black Hawks) and UH1As (Hueys). As a result of these additional 224 helicopters, we anticipate an expanding requirement for additional helicopters for use as maintenance floats within our aviation intermediate maintenance (AVIM) units. Such equipment is essential if we are to ensure the effectiveness of our aviation maintenance support to the Total Army. We also see a clear need for Army Reserve aviators to train with the aircraft survivability equipment they will be using upon mobilization.

The improvement of the Army Reserve rotary wing fleet depends on procurement of new aircraft and associated maintenance and training equipment or the transfer of this equipment from the Active Component. The success of aircrew and maintenance training depends on the issue of the latest aircraft and necessary support equipment to Army Reserve units. Without this equipment available for training, Army Reserve units will not be able to accomplish their wartime mission.

Fixed Wing Aircraft in FY 86 and Beyond

Although repair parts will become increasingly difficult to obtain as our fixed wing aircraft fleet ages, the Army Reserve will continue to maintain and upgrade it with depot maintenance funds. Upgrading has reduced the problems in some areas temporarily; the fixed wing fleet is safer and more efficient, and its service life has been extended, even though the entire fleet remains very old.

The goal of modernizing the Army Reserve fixed wing aviation fleet depends totally on the procurement of new aircraft. Greater and faster issue of new aircraft directly to the Army Reserve, or to the Active Component with the displaced aircraft transferred to the Army Reserve, can accomplish this goal. More modern aircraft are the only way to solve completely Army Reserve aviation's safety, maintenance, and logistics problems.

Clothing the Reservist in FY 86 and Beyond

In FY 86 our program calls for replacing one set of the temperate battle dress uniform (BDU) with the hot weather BDU. Issue of the Kevlar helmet will continue, and issue of the new armored vest is also programmed to begin in FY 86. Initial issue of the Kevlar helmet and armored vest is programmed to continue through FY 88.

Issue of the battle dress overgarment will continue with approximately 133,000 sets programed for the Army Reserve in FY 86. This will complete issues to units mobilizing through D+60. Funding requirements for the chemical protective clothing program have been programmed through FY 90.

Force Structure and Management Development in FY 86 and Beyond

Current programs call for an increase of the Army Reserve force structure allowance from 279,400 in FY 85 to 283,200 in FY 86. This will allow the activation of 72 units and reorganization of 169 units in the FY 86 Troop Action Guidance. Should enough FSA structure become available in FY 86, selected FY 87 activations and strength increases in Army Reserve command headquarters and Army Reserve schools will be moved forward one year.

The FY 87 force structure allowance (FSA) has been programmed to increase by approximately 9,400 spaces to a level of 292,700. An additional growth in FSA of 4,300 spaces has since been approved for FY 87. Programmed growth in the Army Reserve FSA for the years 1987-90 is depicted below.

Army Reserve
(000)

FY	Program Objective Memorandum FY 90	Total Army Analysis FY 91 Recommended Growth	Program Objective Memorandum FY 91
1987	288.4	4.3	292.7
1988	293.0	4.9	297.9
1989	298.3	5.8	304.1
1990	298.3	5.5	303.8

New Military Construction in FY 86 and Beyond

The FY 86 budget request for Military Construction, Army Reserve will permit construction of five new replacement centers, one equipment concentration site, one specialized training facility for intelligence personnel, and the modernization and expansion of 12 other centers. The Army Reserve has a significant backlog of construction requirements that need to be addressed in the coming years. Many of our existing facilities are quite old, inefficient, and far too small to accommodate the current full time work force, or to store equipment needed for training. Additional construction will also be needed to facilitate the storage and maintenance of new equipment being issued to the Army Reserve. A base support plan is being developed which will assess the availability of existing DoD storage facilities and identify the problems that must be remedied with new construction or the lease of publicly owned facilities. As these requirements are identified, they will be integrated into the Army Reserve Construction and Leasing Program. Additional funding maybe sought to support this construction.

Mobilization and Training in FY 86 and Beyond

Increased funding levels for mobilization/readiness training in FY 86 will continue to improve the quality of IRR personnel, and will improve the match between personnel qualifications and mobilization requirements. Increased funding and training opportunities enhance retention by generating enthusiasm and increasing the motivation of reservists.

Army Reserve participation in command post mobilization exercises will continue. Funds have been requested to also enable entire selected Reserve units to conduct mobilization field exercises. The exercises will involve alert, assembly, processing, uploading, and movement of Army Reserve units from home station to their mobilization stations, and will provide for realistic evaluation of actual mobilization readiness. These field mobilization exercises are programmed to begin in FY 87 and will expand in scope over time to include most deploying units in the Army Reserve.

Deployment Exercises in FY 86 and Beyond

Army Reserve participation in overseas deployment training is projected to exceed 700 units/cells and involve some 9,400 personnel in FY 86. Increased Army Reserve CAPSTONE alignments will also produce increased Army Reserve participation in joint exercises such as "REFORGER" and "TEAM SPIRIT." Expansion of overseas deployment training in Europe and the Pacific will require more personnel and administrative support.

Army Reserve participation in overseas deployment training is programmed to expand further in the Pacific Basin and in SOUTHCOM, and in Third World countries. The use of multiple deployment means by land, sea and air to move Army forces will be exercised. Refinement of joint simulation and doctrinal issues require further work by the Army and other services. Army Reserve participation in this program is projected to grow by about 10 percent each year.

SECTION IV

CONCLUSION

Today, our country faces challenges that run the gamut from terrorism and low intensity guerrilla conflicts to potential strategic confrontations of East and West. The men and women of the Army Reserve are important elements of our national military strategy of deterrence. They are part of the Total Army - Landpower capable of responding to any challenge. As Secretary Marsh and General Wickham point out in their FY 86 Posture Statement, our ability to provide Landpower "...gives the President additional options to execute the Nation's foreign policy. Landpower can help avoid nuclear confrontation, respond to conflicts across the entire spectrum of violence, and deter conflict by convincing potential enemies that cheap advantage will not be obtained by conventional adventures." The more than 550 thousand men and women of the Army Reserve are ever conscious of their mission, their obligations and their responsibilities. Army Reservists are proud of their contributions to maintaining the peace and remain dedicated to providing strength in reserve for the Total Army," an Army of Excellence: Ready Today, Preparing for Tomorrow."

ANNEX A

BUDGET OVERVIEW

RESERVE PERSONNEL, ARMY

The total Reserve Personnel, Army (RPA) budget request for FY 1986 is for $2,394,000. The increase of $303 million over FY 1985 consists of program growth, pay raise, retired pay accrual, and inflation. Actual direct program growth for FY 1986 is about $180 million, or about 7.5 percent of the total FY 1986 appropriation request. The FY 1986 budget request directly supports the training and administration of members of the Army's Ready Reserve as well as the Reserve Officers' Training Corps (ROTC) Program, the Health Professions Scholarship Program, the Chaplain Candidate Program, and attendance at basic officers' branch courses.

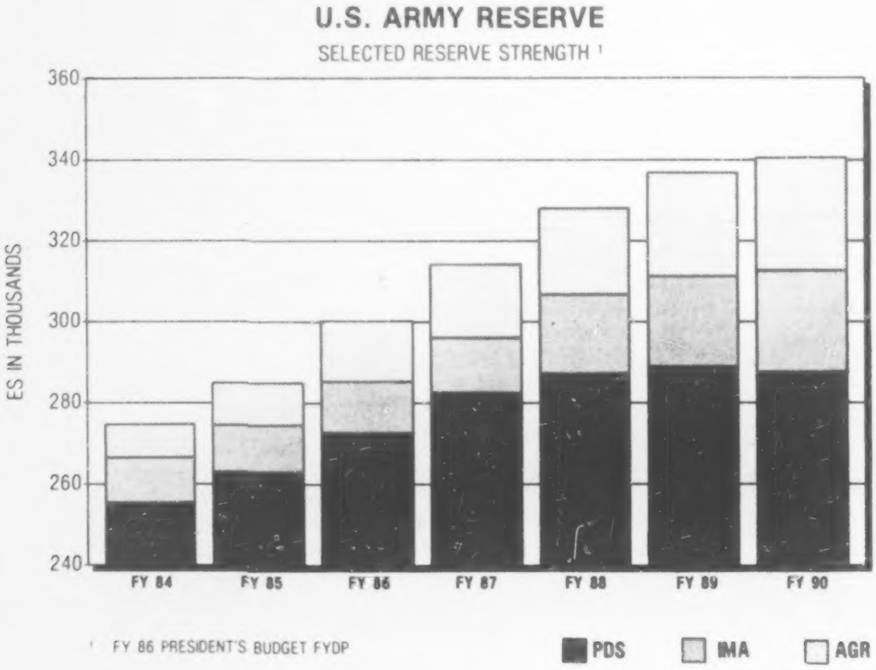
RESERVE PERSONNEL, ARMY

($ IN MILLIONS)

	FY 84	FY 85	FY 86
TROOP PROGRAM UNIT, PAY GROUP A	638.1	980.0	1,037.1
INIT ACTIVE DUTY TNG (IADT), PAY GROUP F	125.3	201.0	240.6
MEMB AWAITING IADT, PAY GROUP P	2.1	2.8	3.4
INDIV MOB AUGMENTEES, PAY GROUP D	14.6	32.4	37.0
SCHOOL TRAINING	53.2	114.7	127.6
SPECIAL TRAINING	65.6	108.7	110.8
MOB TRAINING	57.4	109.6	113.0
ADMIN/SUPPORT	276.6	430.0	576.8
AGR	(253.4)	(391.3)	(532.0)
INCENTIVES	(19.1)	(33.5)	(39.2)
DEATH/DISABILITY	(4.1)	(5.2)	(5.6)
EDUCATION BENEFITS	0	3.3	25.7
ROTC/HPSP	89.1	108.5	122.4
TOTAL	**1,322.0**	**2,091.0**	**2,394.4**
RETIRED PAY ACCRUAL INCLUDED	(0)	(531.7)	(601.9)

Paid Drill Strength

The number of Army Reservists assigned to troop program units (paid drill strength) continues to improve. At the end of FY 1978, Army Reserve paid drill strength stood at a discouraging low of 186,000. Since that time, however, due in good measure to the foresight and support of the Congress in the form of increased Reserve end strength authorizations and a wide variety of funded strength incentives such as bonuses and educational assistance, our paid drill strength has steadily grown to our current (as of 31 October 1984) of nearly 255,000. By the end of FY 1985, we fully expect to achieve our authorized paid drill end strength of about 263,000. For FY 1986, we are requesting a paid drill end strength of 272,498, a goal that is still nearly 1,000 personnel short of the peacetime requirement, and 19,700 short of the wartime required strength. Personnel strength has improved significantly in recent years and continues to improve. Support for further improvement is required.



¹ FY 86 PRESIDENT'S BUDGET FYDP

Individual Ready Reserve (IRR)

The IRR, the Army's source for wartime individual replacement and filler personnel for both Active and Reserve Component units, continues to grow in numbers. From its post-Vietnam low of about 149,000 in FY 1977, the IRR's strength posture has improved steadily. As of 31 October 1984, the enlisted strength of the IRR stood at about 235,000. We expect a substantial improvement in these figures in future years as a result of the recent authority to extend the minimum service obligation from six to eight years.

Moreover, the FY 1986 budget request provides for an expansion of the IRR reenlistment bonus program from the FY 1985 level of 10,000 to 12,000 initial bonuses, a further significant aid to growth in IRR membership. The FY 1986 budget request will increase mobilization skill training for nonunit Reservists by about one percent.

Strength Incentive Programs

The FY 1986 budget request provides for a total of $39.2 million or various incentive programs to increase the strength of the Army's Ready Reserve. This figure is a 17 percent increase over the level in the FY 1985 budget and represents a commitment on the Army's part to build its Reserve strength closer to the wartime required level. The FY 1986 program increases Selected Reserve enlistment and reenlistment incentives by about 8.5 percent and more than doubles the IRR's strength (reenlistment) incentives. All of these bonus programs are tied to increasingly more demanding qualitative standards and to specific military skills and specialties required within the Total Army's mobilization structure. We have been most fortunate in our Reserve recruiting and retention efforts in the recent past. However, faced with a steadily declining number of service-eligible eighteen-year-olds, we must do all we can to make service in the Army Reserve as attractive as possible. The incentive programs are vitally necessary if we are to continue the trend toward improvement that has characterized our strength maintenance efforts of the past several years.

Full Time Unit Support and the Active Guard/Reserve (AGR) Program

The FY 1986 budget request contains significant increases in the Army Reserve Full Time Unit Support Program. Active Guard and Reserve (AGR) full time manning personnel will increase by 50.7 percent, bringing the total number of full time personnel supporting units of the Army Reserve to about 19,000 (an increase of about 22 percent).

The AGR Program is designed to improve the mobilization readiness of the Total Army by providing personnel on duty in a full time military status to advise, administer, train, and manage the personnel and units of the Army Reserve. The program includes several categories of Reserve personnel rendering full time support to various elements of the Army Reserve to enhance the Reserve's ability to perform its wartime missions.

Those assigned to troop program units serve in administrative, logistical, and training areas--all intended to assist drilling Reservists in meeting their mobilization requirements. The addition of full time personnel represents a commitment by the Army leadership. The AGR end strength requested in the FY 1986 budget submission is 14,714.

Recruiter Support

The other major area of AGR growth in the FY 1986 budget request is recruiting support. The number of AGR personnel on full time recruiting duty grows from an end strength of 2,309 authorized in FY 1985 to 2,369 in FY 1986. The program is intended to build upon the Reserve recruiting efforts of recent years to ensure that the Army Reserve continues to improve its strength posture and achieve its authorized manning levels.

Reserve Officers' Training Corps (ROTC)

The FY 1986 ROTC budget request is $108,355,000. This provides a 15.9 percent increase over FY 1985. During FY 1986, 8,300 officers are programmed to be commissioned through the ROTC. This is a significant step toward our FY 1989 goal of 12,500 graduates commissioned through the ROTC Program. Officers commissioned through ROTC, the largest single source of USAR officer accessions, will serve in all components of the Total Army. FY 1986 will also see a 9,107 increase in the number of Army Junior ROTC cadets in our high schools in the United States and abroad. The number of high schools offering the Junior ROTC Program will increase to 897 in FY 1986. The Army leadership is, of course, quite pleased with the upswing of interest in and commitment to the ROTC Program that we have seen in the past few years. We are doing all we can to take full advantage of this improving climate of public response and acceptance of the military as a professional calling to build the quality of our officer accession programs to meet the needs of the Total Army.

Health Professions Scholarship Program

The Health Professions Scholarship Program, established in September 1972 by Public Law 92-426, is designed to produce officers for the military health disciplines. Candidates accepted by an accredited institution for professional training are selected by the Office of The Surgeon General for these scholarships. Participation requires that each individual accept a commission as a second lieutenant in the Army Reserve and complete 45 days' active duty training each year. Upon graduation, the participant must serve at least one year of active duty for each year of scholarship aid, and in every case will incur a minimum active duty obligation of two years. The FY 1986 budget provides a monthly stipend of $602 to be paid to an average of 1,242 scholarship participants and full pay and allowances for 45 days of active duty for each participant. The total amount requested in FY 1986 is $14 million. This program is an essential element to the ultimate resolution of the serious physician shortfall faced by the Army.

OPERATION AND MAINTENANCE, ARMY RESERVE

The Operation and Maintenance, Army Reserve (OMAR) budget request for FY 1986 is for $779,600,000, an increase of 46.9 million over FY 1985. The FY 1986 estimate includes price deflation of $10.0 million, so that the net effect is an increase of $56.9 million in the OMAR program.

The FY 1986 OMAR budget provides necessary funding to support Army Reserve unit training ($434 million), depot level maintenance ($10 million), communications support ($19 million), base operations ($206 million), recruiting ($53 million), and other management activities ($58 million).

OPERATION AND MAINTENANCE
ARMY RESERVE
($ IN MILLIONS)

	FY 84	FY 85	FY 86
TRAINING AND ORGANIZATION OF MISSION FORCES	394	407	434
DEPOT MAINTENANCE	8	9	10
BASE COMMUNICATIONS	17	18	19
BASE OPERATIONS	197	203	206
RECRUITING AND ADVERTISING	35	43	53
MANAGEMENT SUPPORT	41	53	58
TOTAL	692	733	780

Supplies and Equipment

Supplies and equipment are an essential ingredient to mobilization readiness of Reserve forces. As a result of Congressional actions over the past three years, almost all high priority, early deploying Reserve units are more fully provided with their authorized supplies and equipment. We are currently filling other priority units with their minimum essential equipment for training. Continued emphasis and growth is necessary if we are to fully stock all mobilizing and deploying USAR units with such items as cold weather clothing and equipment (CWCE), chemical defensive equipment (CDE), and other go-to-war stocks required by their missions.

CONCLUSION

The Army Reserve as an integral and an essential part of the Total Army continues to grow in scope and importance. The Army Reserve is fully cognizant of the Nation's expectations and insistence upon the highest standards of readiness and professionalism in all we do. The men and women of the Army Reserve are ready and will continue to be ready to meet their country's call whenever it may come.

With your continued support, we of the Army Reserve will continue to provide trained units and qualified individuals available in time of war or national emergency as part of our Total Army of excellence.

ANNEX B

COMMANDERS OF THE US ARMY RESERVE

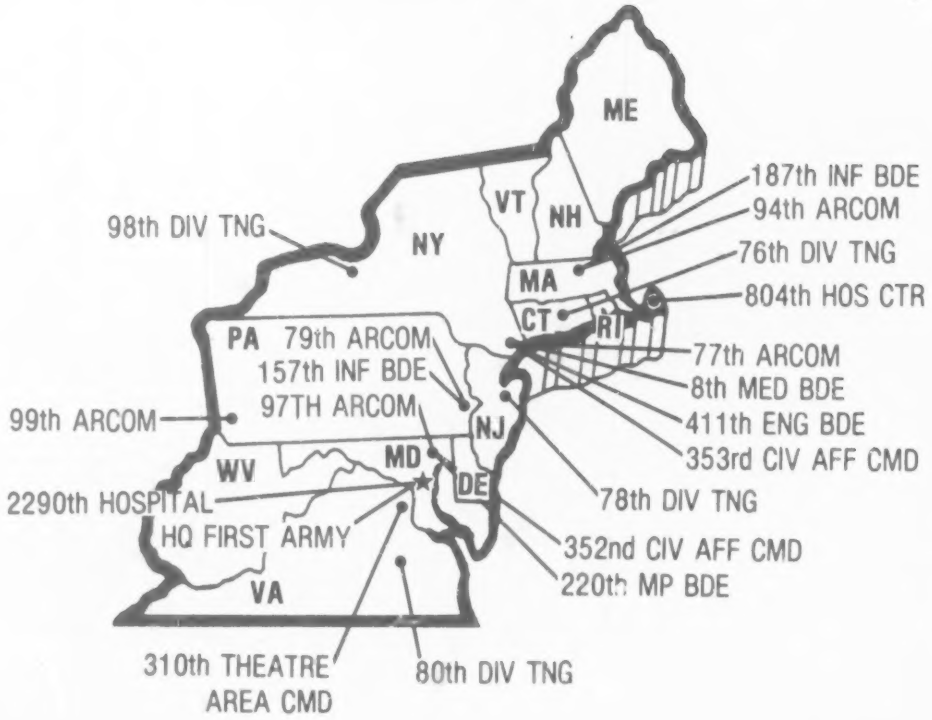
FIRST ARMY

Maryland	Commander 2290th Army Hospital 1850 Baltimore Road Rockville, MD 20851-1298	Brigadier General Randall W. Bell
Massachusetts	Commander 94th Army Reserve Command Building 1607 Hanscom Air Force Base, MA 01731-5290	Major General Herbert J. Riley
Maryland	Commander 220th Military Police Brigade 6510 Snouffers School Road Gaithersburg, MD 20879-1595	Colonel Raymond E. Bell, Jr.
Connecticut	Commander 76 Division (Training) 700 South Quaker Lane West Hartford, CT 06110-1292	Major General John Ricottilli, Jr.
Massachusetts	Commander 804th Hospital Center Hansom Field Bedford, MA 01731-5291	Brigadier General George J. Busch
Maryland	Commander 97th Army Reserve Command De Kalb USAR Center Fort Meade, MD 20755	Major General Roger R. Blunt
Massachusetts	Commander 187th Infantry Brigade (Separate) Burke USAR Center Fort Devens, MA 01433-5741	Colonel Thomas C. Stones
Maryland	Commander 352nd Civil Affairs Command 6601 Baltimore Avenue Riverdale, MD 20737-1025	Brigadier General Dennis A. Wilkie
Pennsylvania	Commander 99th Army Reserve Command Oakdale USAR Center Oakdale, PA 15071-5001	Brigadier General George V. Bauer

New York	Commander 8th Medical Brigade Building 408 Fort Hamilton Brooklyn, NY 11252-7200	Brigadier General Paul Skok
Virginia	Commander 310th Theater Army Area Command Mosby USAR Center Fort Belvoir, VA 22060-5496	Major General James R. Montgomery
Pennsylvania	Commander 79th Army Reserve Command Wurts USAR Center Willow Grove, PA 19090-5110	Major General Richard E. Leithiser
New York	Commander 353rd Civil Affairs Command 2181 Loring Place North Bronx, NY 10453-1399	VACANT
Pennsylvania	Commander 157th Infantry Brigade (Separate) 936 Easton Road Horsham, PA 19044-3399	Brigadier General Joseph M. Cannon
Virginia	Commander 80th Division (Training) 6700 Strathmore Road Richmond, VA 23237-1198	Major General John P. Henderson , Jr.
New York	Commander 411th Engineer Brigade Floyd Bennett Naval Air Station Brooklyn, NY 11234-7097	Brigadier General Roger L. Kresge
New Jersey	Commander 78th Division (Training) Kilmer USAR Center Edison, NJ 08817-2487	Major General William P. Sylvester, Jr.
New York	Commander 77th Army Reserve Command Ernie Pyle USAR Center Fort Totten, NY 11359	Brigadier General George E. Barker

New York	Commander 98th Division (Training) 2035 North Goodman Rochester, NY 14609-1098	Major General Norbert J. Rappl
Illinois	Commander 416th Engineer Brigade 4454 West Cermak Road Chicago, IL 60623-2991	Major General Max Baratz

MAJOR US ARMY COMMANDS
FIRST US ARMY

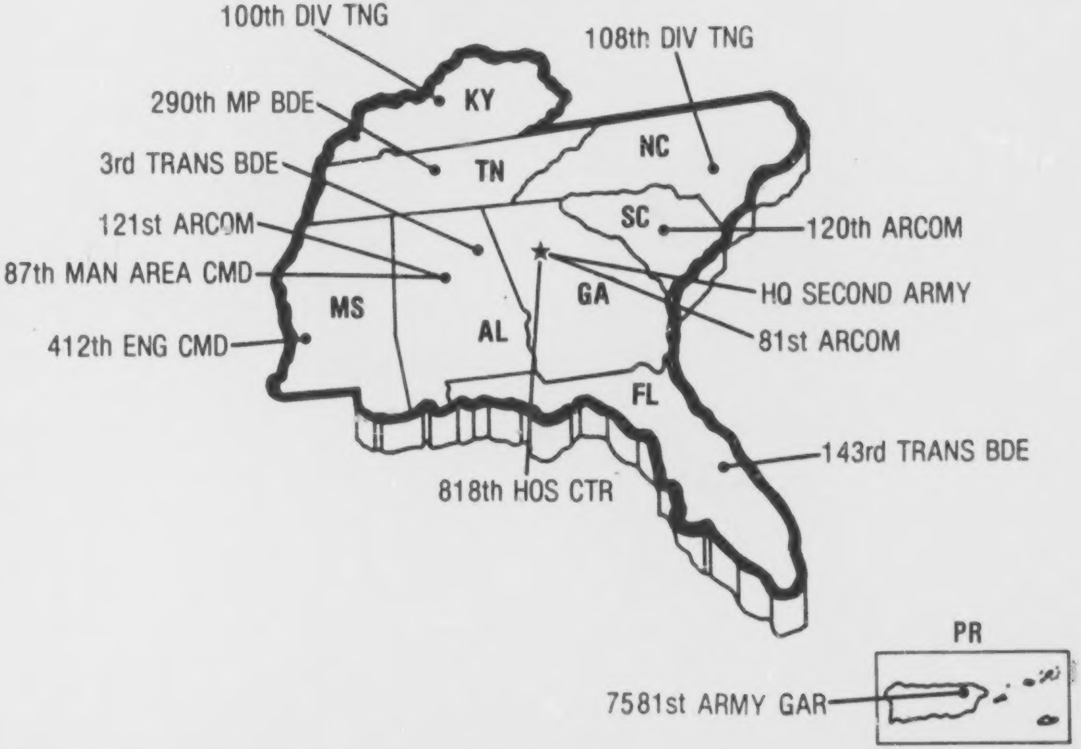

ME
VT
NH
NY
MA
CT
RI
PA
NJ
MD
DE
WV
VA
98th DIV TNG
79th ARCOM
157th INF BDE
97TH ARCOM
99th ARCOM
2290th HOSPITAL
HQ FIRST ARMY
310th THEATRE AREA CMD
80th DIV TNG
187th INF BDE
94th ARCOM
76th DIV TNG
804th HOS CTR
77th ARCOM
8th MED BDE
411th ENG BDE
353rd CIV AFF CMD
78th DIV TNG
352nd CIV AFF CMD
220th MP BDE

SECOND ARMY

Georgia	Commander 81st Army Reserve Command 2323 Daulphine Street East Point, GA 30344-2503	Major General Robert Q. Jones
Alabama	Commander 87th Maneuver Area Command 3851 Veona Daniels Road Birmingham, AL 35244-1295	Major General Will Hill Tankersley
South Carolina	Commander 120th Army Reserve Command Fort Jackson, SC 29207-6070	Major General Berlyn K. Sutton
Alabama	Commander Support Exercises 87th Maneuver Area Command 3851 Veona Daniels Road Birmingham, AL 35244-1295	Brigadier General Everett H. Holle
Puerto Rico	Commander 7581st Army Garrison Fort Buchanan San Juan, PR 00934-7000	Brigadier General Felix A. Santoni
Alabama	Commander 121st Army Reserve Command 3620 Eighth Avenue South Birmingham, AL 35222-3272	Major General Robert O. Bugg
Alabama	Commander Combat Exercises 87th Maneuver Area Command 3851 Veona Daniels Road Birmingham, AL 35244-1295	Brigadier General Alfred W. Porter, Jr.
Kentucky	Commander 100th Division (Training) 3590 Century Division Way Louisville, KY 40205-5000	Major General Roy C. Gray , Jr.
Georgia	Commander 818th Hospital Center Building 909, Fort Gillem Forest Park, GA 30050-5000	Colonel Stephen C. Boone

Mississippi	Commander 412th Engineer Brigade P. O. Box 55 Vicksburg, MS 39180-0055	Major General Robert E. Louque , Jr.
Florida	Commander 143rd Transportation Brigade 2800 Dowden Road Orlando, FL 32812-5299	Brigadier General James T. Craig
North Carolina	Commander 108th Division (Training) 1412 Westover Street Charlotte, NC 28205-5124	Major General Charles J. Whisnant
Tennessee	Commander 290th Military Police Brigade (POW) 5900 Charlotte Avenue Nashville, TN 37209-3104	Brigadier General Leonard A. Walker, Jr.
Alabama	Commander 3rd Transportation Brigade 3415 McClellan Blvd Anniston, AL 32601-2198	VACANT

MAJOR US ARMY COMMANDS
SECOND US ARMY

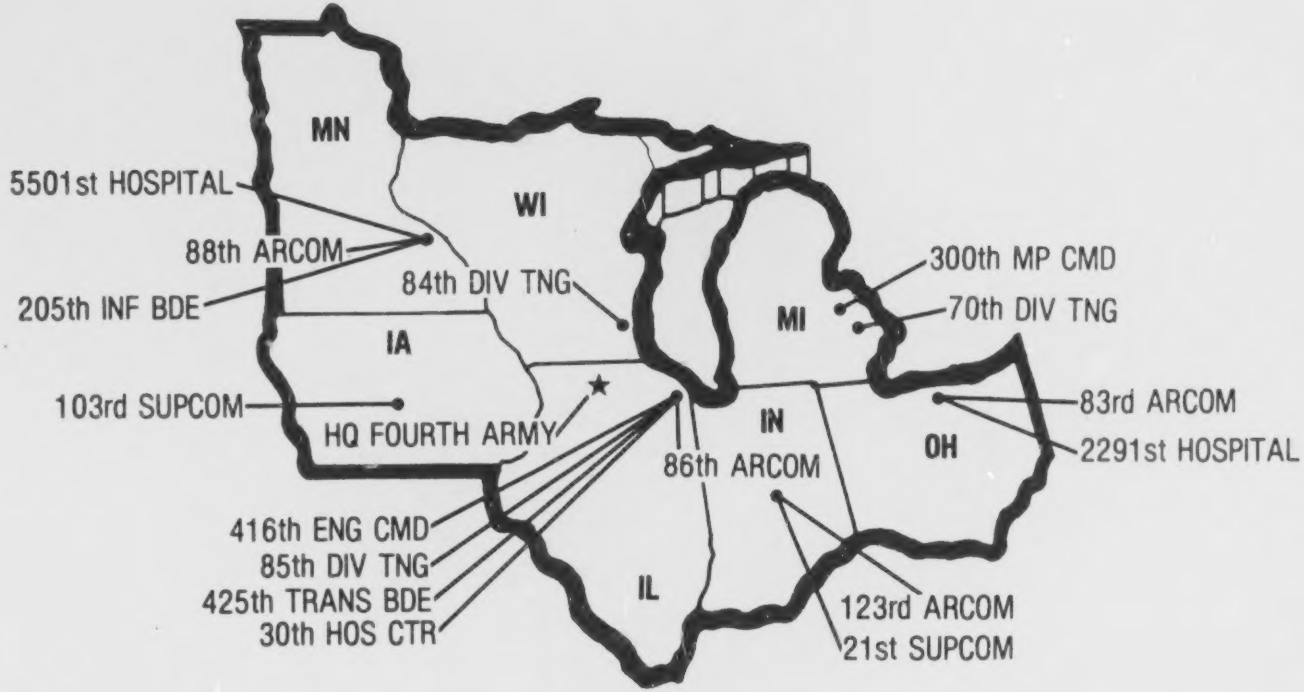

100th DIV TNG
108th DIV TNG
290th MP BDE
KY
3rd TRANS BDE
TN
NC
121st ARCOM
SC
120th ARCOM
87th MAN AREA CMD
HQ SECOND ARMY
MS
GA
AL
81st ARCOM
412th ENG CMD
FL
143rd TRANS BDE
818th HOS CTR
PR
7581st ARMY GAR

FOURTH ARMY

Minnesota	Commander 88th Army Reserve Command Building 506 Fort Snelling, MN 55111-4066	Brigadier General Roger W. Sandler
Indiana	Commander 21st Support Command (CONUS Augmentation) 2625 Kesslar Boulevard Indianapolis, IN 46222-2216	Colonel Richard D. Chegar
Ohio	Commander 2291st Army Hospital 721 Country Club Road Columbus, OH 43213-2485	Brigadier General Stuart E. Harlowe
Minnesota	Commander 5501st Army Hospital Building 505 Fort Snelling, MN 55111-4081	Brigadier General John A. Arkins
Illinois	Commander 425th Transportation Brigade Building 900 Fort Sheridan, IL 60037-7323	VACANT
Michigan	Commander 300th Military Police Command (POW) 3200 South Beech-Daly Road Inkster, MI 48141-2648	Brigadier General William H. Reiff
Illinois	Commander 30th Hospital Center Building 82 Fort Sheridan, IL 60037-7312	Brigadier General Kenneth J. Printen
Michigan	Commander 70th Division (Training) 34451 Schoolcraft Road Livonia, MI 48150-1399	Major General James L. Pelton
Indiana	Commander 123rd Army Reserve Command Building 126 Fort Ben Harrison, IN 46216-6400	Major General Donald A. Pearson

Ohio	Commander 83rd Army Reserve Command P. O. Box 16515 Columbus, OH 43216-5004	Major General Norman W. Martell
Wisconsin	Commander 84th Division (Training) 4828 West Silver Spring Drive Milwaukee, WI 53218-3498	Major General Robert M. Erffmeyer
Illinois	Commander 85th Division (Training) 1515 West Central Road Arlington Heights, IL 60005-2475	Major General Angelo D. Juarez
Minnesota	Commander 205th Infantry Brigade (Separate) Building 506 Fort Snelling, MN 55111-4089	Brigadier General Willard L. Wallace
Illinois	Commander 86th Army Reserve Command 7402 West Roosevelt Road Forest Park, IL 60130-2587	Brigadier General Dennis R. Jones
Iowa	Commander 103rd Corps Support Command 225 East Army Post Road Des Moines, IA 50315-5899	Major General Ralph W. Coan , Jr.
Missouri	Commander Army Reserve Personnel Center 9700 Page Boulevard St. Louis, MO 63132-5260	Colonel Ross G. Pickus

MAJOR US ARMY COMMANDS
FOURTH US ARMY

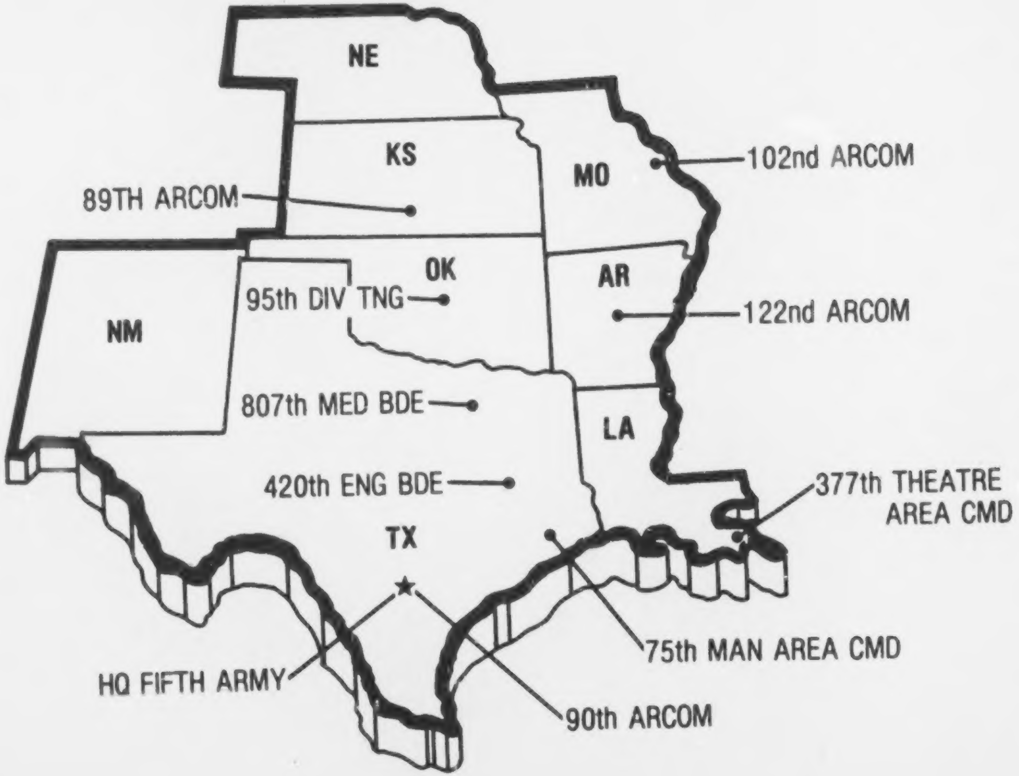

MN
WI
IA
IL
IN
MI
OH
5501st HOSPITAL
88th ARCOM
205th INF BDE
84th DIV TNG
103rd SUPCOM
HQ FOURTH ARMY
416th ENG CMD
85th DIV TNG
425th TRANS BDE
30th HOS CTR
86th ARCOM
123rd ARCOM
21st SUPCOM
300th MP CMD
70th DIV TNG
83rd ARCOM
2291st HOSPITAL

FIFTH ARMY

Texas	Commander 90th Army Reserve Command 1920 Harry Wurzbach Highway San Antonio, TX 78209-6097	Major General Elvin J. Schofield
Texas	Commander 420th Engineer Brigade 511 Carson Street Bryan, TX 77801-1398	Brigadier General Alvin W. Jones
Texas	Commander 75th Maneuver Area Command 1850 Old Spanish Trail Houston, TX 77054	Brigadier General Guilford J. Wilson , Jr.
Texas	Commander 807th Medical Brigade 701 East Simonds Road Seagoville, TX 75159-3201	Brigadier General Robert L. Wick , Jr.
Oklahoma	Commander 95th Division (Training) P. O. Box 10095 Midwest City, OK 73140-1095	Major General Harold J. Wages
Texas	Commander Support Exercises 75th Maneuver Area Command 1850 Old Spanish Trail Houston, TX 77054	Brigadier General Dionel E. Aviles
Kansas	Commander 89th Army Reserve Command 3130 George Washington Boulevard Wichita, KS 67210-1598	Major General Jack Strukel , Jr.
Texas	Commander Combat Exercises 75th Maneuver Area Command 1850 Old Spanish Trail Houston, TX 77054	Brigadier General Keith L. Hargrove
Arkansas	Commander 122nd Army Reserve Command 8001 Camp Robinson Road North Little Rock, AR 72118-2206	Major General John E. Gecks

Louisiana	Commander 377th Theater Army Area Command 5010 Leroy Johnson Drive New Orleans, LA 70146-3601	Major General Anthony H. Conrad , Jr.
Missouri	Commander 102nd Army Reserve Command 4301 Goodfellow Boulevard St. Louis, MO 63120-1794	Major General Albert E. Gorsky

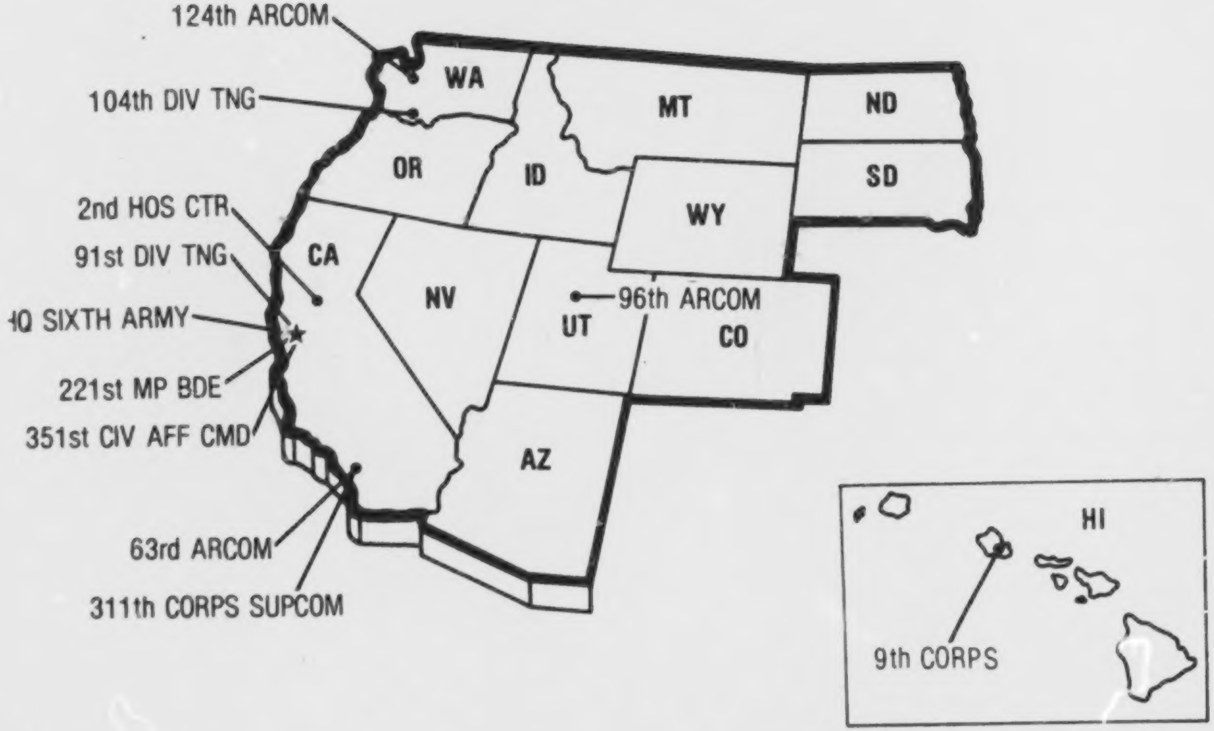
MAJOR US ARMY COMMANDS
FIFTH US ARMY


NE
KS
MO
OK
AR
NM
LA
TX
102nd ARCOM
89TH ARCOM
95th DIV TNG
122nd ARCOM
807th MED BDE
420th ENG BDE
377th THEATRE AREA CMD
HQ FIFTH ARMY
75th MAN AREA CMD
90th ARCOM

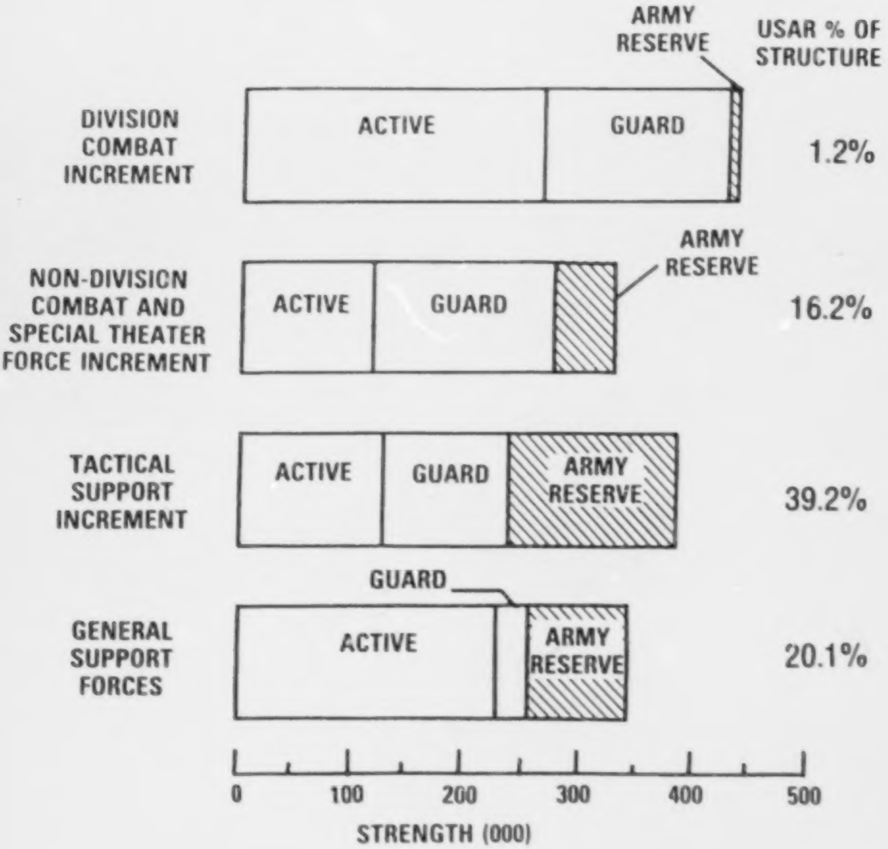
SIXTH ARMY

California	Commander 91st Division (Training) Building 602, Fort Baker Sausalito, CA 94965-5099	Major General Robert S. Holmes
Utah	Commander 96th Army Reserve Command Building 103 Fort Douglas, UT 84113-5007	Major General Richard O. Christiansen
California	Commander 2nd Hospital Center Building 515 Hamilton Field, CA 94947-5094	Brigadier General James R. Sims , Jr.
California	Commander 63rd Army Reserve Command Armed Forces Reserve Center Los Alamitos, CA 90720-5001	Major General Daniel C. Helix
Washington	Commander 124th Army Reserve Command Building 220 Fort Lawton, WA 98199-5000	Major General Garnet R. Reynolds
California	Commander 311th Corps Support Command 1250 Federal Avenue Los Angeles, CA 90025-3999	Major General James E. Beal
Washington	Commander 104th Division (Training) Building 987, Vancouver Barracks Vancouver, WA 98661-3896	Brigadier General Rudolph E. Hammond
California	Commander 221st Military Police Brigade 155 West Hedding Street San Jose, CA 95110-1786	Brigadier General Douglas J. O'Connor
California	Commander 351st Civil Affairs Command 1776 Old Middlefield Way Mountain View, CA 94043-1809	Brigadier General Paul E. Vallely
Hawaii	Commander IX Corps (Augmentation) Fort Derussy Honolulu, HI 96815-1997	Brigadier General Edward Y. Hirata

MAJOR US ARMY COMMANDS
SIXTH US ARMY


124th ARCOM
104th DIV TNG
2nd HOS CTR
91st DIV TNG
HQ SIXTH ARMY
221st MP BDE
351st CIV AFF CMD
63rd ARCOM
311th CORPS SUPCOM
WA
OR
CA
NV
ID
MT
WY
UT
AZ
CO
ND
SD
96th ARCOM
HI
9th CORPS

US ARMY RESERVE CONTRIBUTION TO TOTAL ARMY (FY 86)



Senator **Wilson**. Thank you very much, General Berkman.

We will hear next from Rear Adm. Cecil J. Kempf, Director of Naval Reserve.

STATEMENT OF REAR ADM. CECIL J. KEMPF, U.S. NAVY, DIRECTOR OF NAVAL RESERVE

Admiral **Kempf**. Mr. Chairman, it is a pleasure to be here.

I am pleased to report good news about the Naval Reserve. We are increasing steadily in readiness. Our Selected Reserve end strength is growing. All the indicators in both air and surface readiness are up; and our horizontal integration program; which was an aggressive program in the beginning, is being accelerated.

Our Selected Reserve strength at the end of fiscal year 1984 was a little over 102,000. We expect to be at 110,000 at the end of this year and in the budget before you we are programming 118,000 by the end of fiscal year 1986. That represents 90 percent of our mobilization requirement.

We plan to reach our total mobilization requirement by the end of fiscal year 1988. This growth will not be easy. It will be difficult because of several factors; the improving economy, a shrinking pool of eligible manpower, and the competition in both the public and private sector for similar types of personnel.

We certainly need, and I echo the others here who have said we need, incentives to get the right people. Acknowledging that the GI bill as a base certainly is helpful, we still need the increased reenlistment bonuses and prior service enlistment bonuses. We also need, in the Navy, unit incentive pay which is $10 per drill extra pay for people, for instance, to go aboard our NRF ships.

They are the most difficult to man. We need a selective reenlistment bonus for full-time support personnel, our TAR's, because we need many of the same critical skills as our Active duty force. Without this bonus we will not be able to meet the challenge of manning our ships.

Last year we submitted the first of the annual reports to the Congress on our total force objectives. I won't go through those in detail. I would like to say, though, that most of the initiatives we mentioned in that report are now in the Navy's Five Year Defense Plan.

This year's report, which has just been submitted to Congress, does give a status report of those initiatives and states some additional initiatives which will be in the 1986 budget and in the out years.

I would like to provide a status report on a couple of the things that were in last year's report. We are programming additional amphibious forces in the Reserve in the late eighties when we can afford to transfer those ships from the Active Force. We are also transferring fleet oilers to the Reserve program as new oilers are procured.

I would like to mention two initiatives which were also discussed last year. One, a major Naval Reserve role in the protection of the Gulf of Mexico sea lanes of communication, has now been subsumed within the maritime defense zone mission in which we, in league with the Coast Guard, will play an active role.

Also, last year's report discussed the feasibility of procuring land-based tankers for support of the fleet. Those now are being planned. Four aircraft are planned, and we will commence buying them in fiscal year 1987.

This year, interestingly, the kinds of missions we are transferring to the Reserve are ones that I think are well suited. Two supersonic adversary squadrons for tactical air training will be established in the Naval Reserve.

We are going to go ahead and put one A-6E squadron in each carrier air wing, which now will make those wings identical to the Active duty wings. That was not in the program in the past. We are going to start that in fiscal year 1988.

We are going to accelerate the transition to the P-3C by standing up our first squadron in fiscal year 1988. That is a brand new initiative. Last year we didn't see how we could do that, but now we are moving forward in that area.

We will combine two missions utilizing the HH-60 that the Congress put in the budget last year for us. We plan to have a common aircraft in both the light attack helicopter squadrons that support our special forces and the combat search and rescue squadrons.

We are going to increase our participation in mine warfare and mine countermeasures by establishing two airborne mine countermeasure helicopter squadrons, putting one on each coast and establishing a mobile van complex which can be put aboard merchant vessels to support those operations at sea.

In summary, Mr. Chairman, we are evolving into a force in being rather than a force in reserve. The modernization program is well on track. I am very pleased with the plans we have. They will give us better warfighting capability. We will be fleet compatible.

Our personnel strength is increasing. At the end of fiscal year 1988 that growth represents better than a 30,000 increase over a 5-year period. We are moving more and more toward giving the fleet mutual support as a by-product of our necessary Reserve training.

Admiral Watkins has placed on his staff a full-time flag officer to address the Active Reserve force mix, and we consider him the total force advocate.

With the support of Congress, the Secretary of Defense, the Secretary of the Navy and the CNO that we have, we feel that things are looking up. We request your continued support for our programs.

I feel comfortable that we will achieve our planned growth if the initiatives that we put forth are supported. The Naval Reserve, in my judgment, truly is a force on the move.

Thank you, sir.

[The prepared statement of Admiral Kempf follows:]

PREPARED STATEMENT OF REAR ADM. CECIL J. KEMPF, USN, DIRECTOR OF NAVAL RESERVE

Mr. Chairman and Members of the Committee:

It is my pleasure to appear before you today to bring you up to date on the good news about the Naval Reserve and to look ahead to the future. I will discuss my "report card" for the past year and present our program for Fiscal Year 1986.

I assumed the duties of Director of Naval Reserve in December 1983. Since then I have developed a new appreciation for Winston Churchill's description of a Reservist as "twice a citizen." The enthusiasm, patriotism and hard work of our men and women of the Naval Reserve should make us all proud.

THE NAVAL RESERVE MISSION

The Naval Reserve is an integral part of the Navy's structure and is essential to the execution of the maritime strategy. To enable the active force to respond to the demands of forward deployments and sea control, we in the Naval Reserve have shouldered more and more of the overall force structure manning. In today's era of a "violent peace" described by Admiral Watkins, we're ready to respond across the spectrum from crisis management to full mobilization. At the low end of the scale of conflict, we can provide immediate and meaningful support to the fleet through our land based aviation squadrons, combat support groups, and staff augmentation units. As the situation escalates toward full mobilization, the Naval Reserve can deliver two kinds of trained, combat-ready products: (1) Commissioned units - air squadrons, ships, construction battalions, cargo handling battalions, mobile inshore undersea warfare units, special boat units, and minesweepers and (2) augmenting units for both forward deployed and ashore Naval forces to bring them to full wartime manning.

The Navy goal of a 600 ship, 15 deployable carrier battle group force is within reach. The achievement of this goal will provide the capability necessary for the success of our maritime strategy. By the early 1990's, we are programmed to have 45 ships of the 600 ship Navy in the Naval Reserve Force. The fifteenth aircraft carrier will carry a Reserve airwing upon mobilization, as will the carrier in the Service Life Extension Program (SLEP). We're committed to improving the readiness and sustainability of the Naval Reserve so it can be a more effective part of this strategy. The Naval Reserve mission is stated simply: to be trained and ready for mobilization, part of the Navy that wins the war at sea.

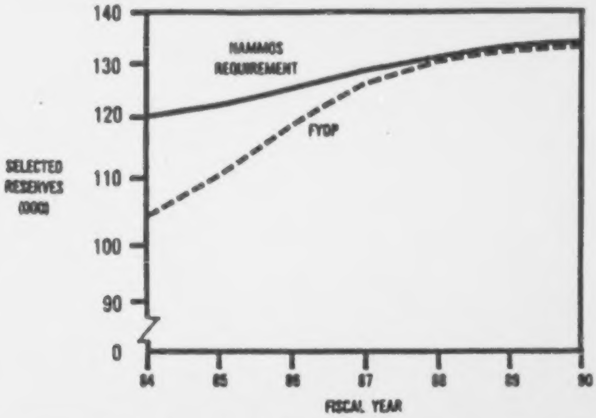
TODAY'S NAVAL RESERVE

I am pleased to report that the capability of the Naval Reserve is steadily improving. Selected Reserve strength continues to grow. Readiness indicators are up. The ambitious "horizontal integration" program articulated by Secretary Lehman has been accelerated. Our surface force includes increasing numbers of modern gas-turbine powered frigates, while our air units are operating more of the front-line aircraft necessary to win the air war at sea. The quality and availability of training are showing significant improvement. The increases in individual skill levels for our reinforcing units are direct additions to the bottom line--the warfighting ability of the fleet upon mobilization. Overall, gains in these key areas enhance the support we provide every day to Navy active force units as a by-product of mobilization training, what we call mutual support.

Selected Reserve Strength

One of the best indicators of improvement in the Naval Reserve is our gains in drilling Selected Reserve (Category A) strength. We achieved just over 102,400 of these drilling Reservists at the end of Fiscal Year 1984, and we will reach 110,000 at the end of Fiscal Year 1985. We have an ambitious program to reach our full mobilization requirement for trained Selected Reservists as established by the Navy's Manpower Mobilization System (NAMMOS) by the end of Fiscal Year 1988.

NAVAL SELECTED RESERVE STRENGTH



NAMMOS	120503	121408	124307	128322	130236	132223	132574
FYDP	102,408	110000	118208	125806	130236	132223	132574

NOTE: REQUIREMENTS AND END STRENGTH INCLUDES CATEGORY "A" DRILLING RESERVE ON
EXCLUDES TRAINEES, IRR, AND FULL TIME SUPPORT

Although the Naval Reserve did not achieve the average strength authorized for Fiscal Year 1984, we did achieve 99.3 percent of our target end strength for personnel in a paid drill status and those in the training pipeline, 107,231 of the 108,000 planned. Our growth in these areas has continued to over 108,400 at the end of January 1985, slightly ahead of our plan to reach 113,260 by the end of this fiscal year.

Although we have achieved success to date, growth will be ever more difficult in the future. The improving economy, shrinking pool of eligible manpower, and increased competition from both the public and private sector are "headwinds" we must overcome with a relatively small team of recruiters. We are working to obtain additional recruiters and support funds to optimize our efforts to recruit and retain the highest quality personnel possible in the Naval Reserve. New incentives proposed include increased reenlistment bonuses, a prior service enlistment bonus, unit incentive pay and reenlistment bonuses for certain full-time support personnel. Our requirement for these incentives is based on analyses which included consideration of the beneficial impact of the new G.I. Bill.

This year full-time support or TAR personnel will increase by more than 1,800 to 15,210.

Our Fiscal Year 1986 end strength request for Reservists on full-time active duty in support of the Naval Reserve is 19,510. For the first time this authorization will include an additional category of personnel--those Reservists on Temporary Active Duty (TEMAC) in support of the Naval Reserve. TEMACs who support the active component will remain funded in the Military Personnel, Navy (MPN) appropriation and controlled by active component personnel strength limitations. Our program for Fiscal Year 1986 contains 17,973 active duty support personnel, a growth of 2,763 from the 15,210 planned this year. This growth is necessary to meet TAR manning requirements for an expanding Surface Reserve Force (+1,490), particularly the frigate program, aircraft squadron transitions (+445), and support for an expanding Naval Reserve (+828). The TEMAC program request is for 1,537

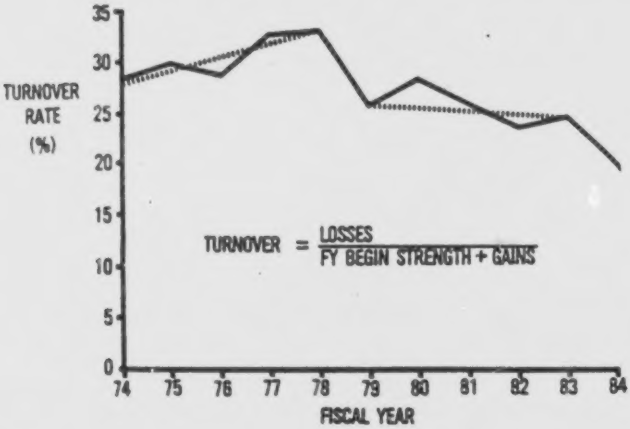
Reservists at the end of Fiscal Year 1986. This request includes 585 recruiters necessary to achieve the growth necessary to meet our Selected Reserve strength requirements by the end of Fiscal Year 1988. Our programmed growth will enable us to reach just over 90 percent of that requirement by the end of Fiscal Year 1966.

FY 86-90 RESERVE FORCE END-STRENGTH

	FY-86	FY-87	FY-88	FY-89	FY-90
SELRES (including training pipeline)	122,290	130,115	135,273	137,488	137,831
Active Duty Support (TARs)	17,973	20,082	21,787	22,789	23,154
Temporary Active Duty (TEMAC)	1,537	1,518	1,555	1,638	1,230
TOTAL	141,800	151,715	158,615	161,915	162,215
(average strength)	(134,400)	(147,500)	(155,900)	(160,800)	(162,200)

We have achieved the lowest turnover rate in our recorded history with this past year's rate at only 19.1 percent. Turnover rate is calculated as losses divided by the sum of beginning inventory plus gains [for a fiscal year]. The chief benefit of a low turnover rate is the stability gained by the force. Consequently, fewer new accessions and less initial active duty training are required to meet target strength increases. On the following chart, the dotted lines indicate the unfavorable trends of the late 1970's as well as the very positive direction of the 1980's.

ENLISTED SELRES
HISTORICAL TURNOVER RATES



Readiness Improvements

The overall Naval Reserve Force Readiness has shown improvement over the past year, primarily in the areas of personnel and training. Because of the accelerated transition and modernization program, many of our aviation units must report an overall C-5 rating while receiving new equipment, training their flight crews, and performing modifications to existing aircraft. Naturally, this lowers the overall C-rating average of our commissioned units, but is necessary to improve our capability. Improvements in recruiting, training, and retention have helped to increase the readiness of our non-hardware reinforcing and sustaining units that will augment active forces upon mobilization.

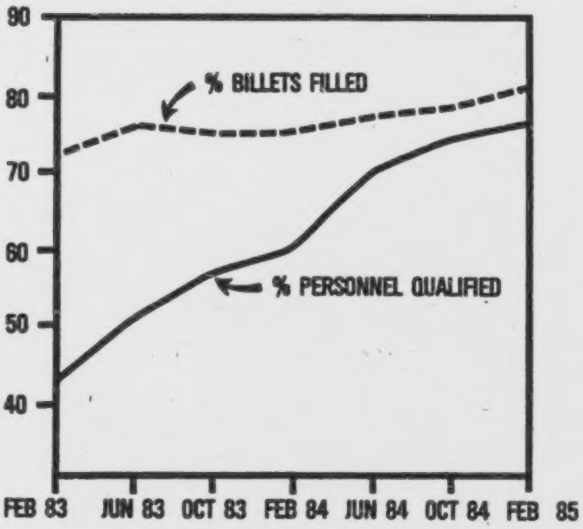
Aviation units are benefitting from the force modernization efforts with increased capabilities of state-of-the-art aircraft and weapons systems. Squadrons outfitted with fleet-compatible aircraft are mobilization-ready assets available to fleet commanders. I am confident that exisiting and proposed aviation modernization programs will enable us to continue our progress in aircraft squadron and wing readiness.

The readiness status of ships assigned to the Naval Reserve Force continues to increase. The measured steps we have taken to improve manning aboard our ships and to enhance training are beginning to show some encouraging results. Readiness reported by fleet commanders has increased about seven percent for Naval Reserve Force ships over last year's average. This improvement is particularly noteworthy since it has occured while our frigate fleet is expanding.

The other commissioned units of the Naval Surface Reserve Force are also reporting increased readiness. Over the past year a combination of better retention and recruiting, funding for equipment, and enhanced training opportunities has produced a six percent improvement in overall readiness for Reserve Naval Construction Battalions, Inshore Undersea Warfare Units, Cargo Handling Batallions, and Special Boat Units.

Our more than 2700 reinforcing and sustaining units are also reporting better readiness through increased manning and improved training programs. To illustrate this positive trend, the percent of personnel fully qualified for mobilization in our reinforcing and sustaining units increased steadily from 47 percent in March 1983 to approximately 72 percent in February 1985. Average incremental qualification was adopted as a training criteria in April 1984; prior to that either "100% qualified" or "not qualified" was used. During the same two year period, personnel readiness increased from 72 percent billets filled to 81 percent in February 1985. Over this past year overall readiness and sustaining unit readiness, defined as the lesser of personnel or training readiness ratings, has improved by approximately 11 percentage points over last year.

AUGMENT UNIT READINESS



Equipment Modernization

Naval Surface Reserve

Secretary Lehman has indicated that the Naval Reserve Force will be an essential part of the 600 ship Navy. By the end of the decade more than 40 Naval Reserve Force ships will be available for immediate deployment with the fleet. This year, we have added two more PERRY class FFG-7s to the Naval Reserve Force, bringing our frigate total to 11. We will add four more FFG-7s in Fiscal Year 1986, passing the halfway mark in our ambitious program to assign 26 modern frigates to the Naval Reserve force by 1990. This year, we established the first six Craft of Opportunity Program (COOP) units, with six more programmed for Fiscal Year 1986. We will also add three salvage ships (ARS) in Fiscal Year 1986, bringing to four our total of these ships in the Naval Reserve Force.

We will add one more Mobile Inshore Undersea Warfare unit as well as two new Naval Reserve Construction Battalions to our combat support surface programs. The first of two hospital ship augment units will also stand-up in Fiscal Year 1986. Medical programs have experienced dramatic growth in the Naval Reserve, increasing to a point where 41 percent of Navy's total medical support upon mobilization will be provided by Naval Reservists.

Today the Naval Reserve contains 85% of the Navy's Minesweeper (MSO) capability. Beginning in Fiscal Year 1987, a new "Avenger" class Mine Countermeasures ship (MCM) will join the Naval Reserve force, followed by a surface-effects MSH class in Fiscal Year 1989. These new contruction ships will be assigned to the Naval Reserve after each operates as part of the Active component for one year.

Naval Air Reserve

The horizontal integration program to modernize Naval Reserve equipment is well underway in the Naval Air Reserve. Our first squadron of E-2C model early warning aircraft has completed its transition; the second squadron is slated for Fiscal Year 1988. We will commence transition training for the second F/A-18 squadron in Fiscal Year 1986; and the first squadron, which has 14 of 19 pilots already trained, will receive its first aircraft in that year also. We have begun transitioning both of our West Coast fighter squadrons to the F-14A aircraft and have transferred their F-4S aircraft to the two Dallas-based fighter squadrons which were operating F-4N's. Transition to the A-7E from the older model A-7B is complete in one of the four squadrons scheduled, and is underway in two others. We will complete this program in Fiscal Year 1986. Completion of our airwing modernization program will provide a Naval Reserve carrier airwing for the 15th carrier battle group, ready to deploy upon mobilization. The other airwing will be ready to board the 16th carrier as it completes the Service Life Extension Program (SLEP).

We plan to procure three more used DC-9 aircraft this year. This will bring us to the total of 27 planned to replace the C-118's. Through past studies approximately 37 jet transport aircraft were validated as necessary to provide Navy unique support to a 12 carrier battle group force during wartime. We are embarking on another study to determine the Navy's requirement to support a 15 carrier battle group force.

By the end of Fiscal Year 1986, our Maritime Patrol Air capability will be enhanced markedly through the completion of the TACNAVMOD program for our Naval Reserve P-3 aircraft. We also plan to stand up two more Master Augment Units (MAUs) at NAS Moffett, California and Jacksonville, Florida to train crews in fleet model P-3C's for augmentation of active force squadrons upon mobilization. This will bring to three the number of P-3C MAUs by Fiscal Year 1988.

In Fiscal Year 1986 we will complete the stand up of our LAMPS Mk I squadrons when the third unit, HSL-94, is commissioned at Willow Grove, Pennsylvania. The two new H-60 aircraft procured in Fiscal Year 1985 will be used by HC-9, the Navy's only Combat Search and Rescue (SAR) squadron, to evaluate new SAR techniques. Our goal is to consolidate the Navy light attack helicopter squadron mission with that of HC-9 to form two Helicopter Combat Support (HCS) squadrons, one on each coast, flying H-60 aircraft. These squadrons will provide helicopter augmentation to Navy Special Warfare units as well as combat SAR for the fleet.

One of the ways we train our aircrews to provide combat-ready augmentation to fleet squadrons is through our Squadron Augment Units (SAUs). Naval Reserve aircrews train in fleet aircraft at Fleet Replacement Squadrons (FRS), in their gaining command, and with Reserve Force Squadrons (RESFORONS) that operate fleet compatible aircraft. We have established SAU's flying F-14A, A-6E, E-2C, S-3A and SH-3H aircraft. We plan to pursue this course with other types of fleet aircraft in the future.

Training

Providing quality mobilization training to members of the Naval Reserve continues to be a challenge. Progress in Fiscal Year 1984 has been significant; however, addressing increasing personnel strengths, additional missions and a complicated training environment has not been easy. The major area of improvement is in the development of the Surface Reserve Training Plan. The objective of that plan is to provide a "fully trained" Selected Reservist on Mobilization Day instead of a "trainable" one. Based on success with the Naval Air Reserve Training

Program, the surface plan establishes new training policies, defines requirements and provides the delivery system. We will increase the training of individual skills in order to provide more fully-qualified Naval Reservists:

- We have instituted formal training at Fleet Training Centers for Selected Reservists on weekends.

- The development of an Automated Billet Qualification Tracking System (ABQTS) to track an individual's qualifications in the Reserve Billet Training Plan is nearly complete.

- To achieve our goal of improved Navy Enlisted Classification (NEC) qualifications through improved methodology and training, we have started:

  a. course modularization to make them compatible for drilling Reservist study.

  b. using civilian vocational technical (VOTECH) training programs to alleviate the shortfall in Navy "A" and "C" school seats.

  c. accepting substitution of civilian equivalency for Navy NECs.

d. recruiting veterans with required NECs.

e. programming our non-prior service Sea and Air Mariners (SAMs) for "A" and "C" schools.

o We are standardizing curricula, publishing onboard training packages, procuring surface training devices, implementing ADP training monitoring systems, and repackaging existing curricula for weekend use.

We continue to emphasize training with the active Navy gaining command. This concept is especially effective in training for individual qualifications. In addition, this training provides opportunities to provide "Mutual Support" to active force units as a by-product of such training. Additional Weekend Away Training (WET) funds will be utilized to support training at the gaining command, active training facilities or at larger Naval Reserve activities.

One important by-product of Naval Reserve training is the assitance provided to the active force in the performance of the Navy's peacetime mission. This mutual support encompasses almost all mission areas. In Fiscal Year 1984 11 Reserve VP squadrons provided 46 weeks of fleet support at overseas bases in the Azores and Japan; 1,240 flight hours were also dedicated to the Vice-President's Drug Interdiction program. Naval Reserve C-9 and C-118 transport squadrons provided all CONUS fleet logistics support and augmented both Mediterranean and Western Pacific based squadrons. Last year, support was provided to the Lebanon Multinational Contingency Force, to the USS MIDWAY in the Pacific, and to various Navy and Marine Corps tactical air wings. Reserve Fleet Composite squadrons provided over 6,000 hours of services to fleet units for dissimilar air combat training, air intercept training, target aircraft for radar tracking exercises and aggressor aircraft in fleet exercises. Other Naval Reserve tactical air squadrons acted as both friendly and opposition forces for war-at-sea, fleet air defense and air-to-air warfare exercises for workup training of deploying battle groups, as well as in multinational and joint training exercises.

Naval Surface Reserve Force ships are under operational control of fleet commanders and thus are fully integrated into fleet exercises, underway training schedules, and other special evolutions. Since Naval Reservists and active component personnel are members of the crews, both the fleet and the Naval Reserve benefit from such realistic training. Other surface units that work alongside their active counterparts are Shore Intermediate Maintenance Activities, which are designed to provide Intermediate level maintenance to Navy ships while in port. Last year over 118,000 mandays were provided by Naval Reservists in direct support of ship overhaul and rework projects.

Naval Reserve Cargo Handling Battalion FIVE provided 180 mandays toward the pre-deployment load out of the USS MARS (AFS-1). Naval Supply Systems Command units also assisted their active counterparts in completing projects covering the entire spectrum of supply responsibilities.

Naval Reserve Helicopter Wing squadrons provided plane guard services for carriers conducting refresher training, Combat Search and Rescue training for each fleet carrier wing prior to deployment, as well as tactical training for Special Warfare units.

Reserve Intelligence units accomplished one third of the intelligence production for the Atlantic and Pacific fleet intelligence centers, providing watch teams fully integrated with their gaining commands.

Station and staff augmentation, including at overseas sites, was provided by Naval Reserve men and women from every warfare specialty and staff corps designator. Medical, Legal, Chaplain, Cryptology, Oceanography, Public Affairs, and Civil Engineering Corps personnel participated in fleet support in conjunction with mobilization training. Naval Reserve Construction Battalions provided support to fleet facilities equivalent to 18,000 mandays in Fiscal Year 1984, accomplishing over 23 million dollars worth of repairs, engineering, and construction projects.

Total Force Report to Congress

Last year the Navy submitted the first of its annual reports to Congress on the Navy's Total Force. This report provided considerable information on the progress made up to that time regarding the growth, modernization and integration of the Naval Reserve into the Navy's force structure. The report also discussed several areas of accelerated Reserve force modernization and new or expanded missions, extending into the 1990's. We were very pleased with the report and with the reaction to it from Congress.

That report was produced by an adhoc group headed by Rear Admiral Bruce Newell. The Navy has since institutionalized the process by establishing a permanent organization within the staff of the Chief of Naval Operations, headed by a flag officer, to assess on a continuing basis the Navy's performance in structuring the optimum mix of active and Reserve forces required to fight and win a war at sea.

This year's report to Congress was developed using last year's report as a baseline. It provides the status of each of the initiatives discussed last year and indentifies other initiatives adopted for the Fiscal Year 1986 program or ones being staffed within Navy for consideration in the development of our Fiscal Year 1987 request.

Almost all of the initiatives from last year's report are now a part of the Navy's program. The Naval Reserve role in protecting the Gulf of Mexico Sea Lines of Communication has been subsumed within the Maritime Defense Zone (MDZ) mission. Maritime Defense Zones Atlantic and Pacific have been established, and Navy and Coast Guard Reservists will play a large role in their operation. Last year's report also discussed the feasibility of procuring land based tanker aircraft to be maintained and operated by the Naval Air Reserve. Four aircraft for this mission are being planned. Procurement will begin in Fiscal Year 1987. The following additional initiatives from the 1984 report are also now included in the Five-Year Defense Program (FYDP):

- o Modernizing Reserve Maritime Patrol Air Squadrons (VP) through TACNAVMOD and other upgrading programs.

- o Transferring additional amphibious ships (LST, LPD, LSD) to the Naval Reserve and establishing Landing Craft Air Cushion (LCAC) augment units.

- o Consolidating Patrol Squadron Augment Units into Master Augment Units (MAU) and making P-3C aircraft and weapon systems trainers available for Reserve use.

- o Increasing the Reserve role in the airborne mine countermeasures mission (AMCM).

- Transferring AO-177 class fleet oilers to the Naval Reserve Force, starting in Fiscal Year 1989, contingent upon achieving planned TAO-187 procurement and maintaining required active force levels.

- Establishing two Reserve augment units to support carrier on-board delivery (COD) squadrons.

- Executing Reserve augmentation plans for the Navy's new hospital ships.

- Doubling the number of salvage ships (ARSs) in the Naval Reserve Force.

This year's report to Congress includes several additional initiatives to be considered during update of the Five-Year Defense Program and development of our Fiscal Year 1987 budget request. They are:

- Formation of two supersonic adversary aircraft squadrons within the Naval Air Reserve Force.

- Equipping one of the light attack squadrons in each Reserve Tactical Air Wing with medium attack (A-6E) aircraft.

- Accelerating the commencement of transition to P-3C aircraft to Fiscal Year 1988.

- Consolidation of our Light Attack Helicopter (HAL) and Combat Search and Rescue Helicopter Squadrons (HC) into two new Helicopter Combat Support squadrons (HCS), equipped with H-60 aircraft.

- Establishing two airborne Mine Countermeasure Helicopter (AMCM) squadrons with five RH-53D aircraft each, starting in Fiscal Year 1987, along with plans to procure two merchant ship mobile van complexes to support them at sea.

NAVAL RESERVE FUNDING REQUEST

The Naval Reserve is supported primarily by two appropriations: Reserve Personnel, Navy (RPN) and Operation and Maintenance, Navy Reserve (O&MNR).

The President's Budget also requests over $130 million in the Aircraft Procurement, Navy (APN) appropriation to be used for necessary modifications to Naval Reserve aircraft, plus more than $20 million in the Other Procurement, Navy (OPN) appropriation. The OPN funds are earmarked for various support and training equipments for the cryptological program, construction battalion, special warfare units, and cargo handling battalions.

Further, the Military Construction, Naval Reserve (MCNR) Appropriation request of $51.8 million will provide much needed land acquisition, design, and facilities construction for the Naval and Marine Corps Reserve.

The total funding support requested for the Naval Reserve exceeds $2.5 billion for Fiscal Year 1986.

I would like to discuss the Reserve Personnel, Navy and Operation and Maintenance, Navy Reserve appropriations in some detail.

Reserve Personnel, Navy

The Reserve Personnel, Navy (RPN) appropriation is divided into two budget activities. Budget Activity One provides funding for Unit and Individual Training. Budget Activity Two provides funding for Other Training and Support, including active duty TAR personnel, the Naval Reserve Officer Training Corps, Armed Forces Health Professions Scholarship program, and the Navy Junior Reserve Officer Training Corps. The total Fiscal Year 1986 RPN request is for $1,353.6 million, which consists of $667.3 million for Budget Activity One and $686.3 million for Budget Activity Two.

This funding request will support an average strength of 134,400 Naval Reservists in a paid status, including a Full-time support personnel end-strength of 17,973. This reflects an increase of $197.5 million over Fiscal Year 1985. Included in the Full-time support strength, beginning in FY 1986, are 1,537 Temporary Active Duty (TEMAC) personnel who will support the Naval Reserve recruiting program. Their strength and funding were previously included in the Military Personnel, Navy (MPN) appropriation. This accounting transfer represents $38.3 million of the total increase. Retired pay accrual, which began in Fiscal Year 1985, accounts for $45.5 million of the increase. Full-year funding of the Selected Reserve Educational Assistance, program, or "new G. I. Bill", represents a $9.8 million increase over Fiscal Year 1985. Additional costs associated with the January 1985 and July 1985 pay raises are $35.8 million. Increased Basic Allowance for Quarters and Variable Housing Allowance entitlements amount to $3.4 million. Program growth, discussed below, is $50.6 million.

The average strength of the drilling Reserve and those performing initial active duty training will increase by 6,664 to 112,564. The average strength of Full-time support personnel will increase by 3,231 to 17,488, including the TEMAC program transfer. There is a nineteen percent increase in the number of annual active duty training periods allocated for members of the Individual Ready Reserve who have early mobilization requirements and an eleven percent increase in mandays for school and special active duty for training periods associated with the drilling

Reserve strength increase. Reserve incentives will increase by 2.7 million, mostly for anniversary bonus payments to Selected Reservists.

The requested increases will allow the Naval Reserve to comply with Congressional guidance to increase Reserve manning for Naval Reserve Force ships and to continue our growth in Selected Reserve strength to meet mobilization requirements.

Operation and Maintenance, Navy Reserve

The other major appropriation which supports the Naval Reserve is Operation and Maintenance, Navy Reserve (O&MNR). The Naval Reserve is dependent upon funds in this appropriation for support of Mission Forces, Depot Maintenance, and Other Support. Support for Mission Forces includes funds for fuel, intermediate maintenance, repair parts and related support for the operation of aircraft in both the Naval and Marine Corps Reserve. It also includes operating and maintenance funds for Naval Reserve Force (NRF) ships. Depot Maintenance includes funds for the rework of aircraft and engines, the installation of aircraft modifications, and Contractor Engineering Technical Services support. Other Support provides funding to operate and maintain Air Stations, Reserve Centers, and Reserve Facilities supporting Naval Reserve forces and for various command and administrative activities, including recruiting.

The funding requested for the O&MNR appropriation for Fiscal Year 1986 is $954.5 million, which is a $125.7 million net increase over the Fiscal Year 1985 funding level of $828.8 million. Mission Forces (Budget Activity 1) increases $74.3 million, Depot Maintenance (Budget Activity 2) increases $29.1 million and Other Support (Budget Activity 3) increases $22.3 million. Program growth is $103.6 million, $57.6 million of which results from the continued migration of aviation depot level repairables (AVDLRs) to customer funding. There is also a $17.7 million growth which results from the migration of investment items from the OPN Appropriation to support Shore Intermediate Maintenance Activity (SIMA) upgrades and the purchase of Naval Reserve support equipment.

The increased O&MNR funding level will provide required support for the following areas of significant growth: increased aircraft operating and maintenance costs in support of a more modern mix of aircraft and the expansion of the Squadron Augment Unit (SAU) and Master Augment Unit (MAU) programs; $30 million for the installation of P-14A modernization kits; increased operations, maintenance, modernization and outfitting costs resulting from growth in the Naval Reserve Force ASW Frigate Program as four more FFG-7 class ships join the NRF; expansion of the mine countermeasures Craft of Opportunity (COOP) program; enlargement of the Reserve "SEABEE" program by two battalions; and increased training, equipment, and base operating support requirements associated with growing Selected Reserve strength levels as the Naval Reserve builds towards the Navy Manpower Mobilization System (NAMMOS) goal.

Programmatic decreases reflect reduced aircraft engine rework and modification installation requirements, a decrease in ship overhaul funding following completion of USS EDSON (DD 946) overhaul in Fiscal Year 1985, and a $7.9 million decrease in funding Real Property Maintenance. As a result, we still will not be able to meet the Congressional Containment Policy to limit the backlog of nondeferrable Maintenance and Repair to the Fiscal Year 1978 year-end level of $20.7 million.

The O&MNR appropriation increases by $8.3 million to support Naval Reserve recruiting and advertising activities. We need the additional recruiters and support personnel to help meet the strength and quality goals of an expanding Naval Reserve. This appropriation also supports recruiting for the Sea and Air Mariner (SAM) program.

The Naval Reserve Force (NRF) ship operating tempo of 14.7 days per quarter funded through O&MNR remains at parity with previous years. The Fiscal Year 1986 flying hour program is funded at 84.4 percent of the Primary Mission Readiness (PMR) level, a slight increase from the 83.1 percent in this year's program.

SUMMARY

The improvement of the Naval Reserve continues. We are rapidly evolving from a force in reserve to a force in being.

Our ships and aircraft are being modernized at an accelerating pace, thereby improving our warfighting capabilities and our equipment compatability with the active component of the Navy.

Our personnel strength is increasing. We are planning to reach our mobilization manpower requirements by the end of Fiscal Year 1988--a growth of almost 30,000 Selected Reservists in five years.

Our training programs continue to improve and we are providing more support to active units of the Navy as a by-product of Reserve training.

We are adding new missions and refining existing ones through the efforts of the new Total Force advocate on Admiral Watkins' staff.

The strong support for these programs by the Congress, the Secretaries of Defense and Navy, and the Chief of Naval Operations is being vindicated.

The Naval Reserve is truly a force on the move.

Senator WILSON. Thank you very much, Admiral Kempf.

We will hear next from Maj. Gen. John B. Conaway, U.S. Air Force, Director of the Air National Guard.

I suppose I might have placed you over with your colleagues, but we have you segregated by service.

STATEMENT OF MAJ. GEN. JOHN B. CONAWAY, U.S. AIR FORCE, DIRECTOR OF THE AIR NATIONAL GUARD

General CONAWAY. I was wondering why you put the Navy between me and my Guard colleagues.

Thank you, Mr. Chairman.

I appreciate the opportunity to address you for just a couple of minutes on the state of the Air National Guard and our needs as part of General Walker's team and the total National Guard team along with General Temple.

The Air Guard covers the same 50 States and territories as the Army Guard does and, as part of our total Air Force which, along with my colleague to the left, makes up what we think is the finest Air Force in the world.

I am sorry that Senator Glenn had to step out for a few minutes because you are from California and he is from Ohio which represent the two largest Air National Guard States that we have with over 10 percent of the Air National Guard in your State and in Senator Glenn's State.

Senator WILSON. I will pass that along to him. He may be already aware of it.

General CONAWAY. It is the first time I have been in the same room with the two of you.

We exceeded 105,000 people last year with the help of a good recruiting program, the support of this committee, and the support of the bonus program that we have. We now have to recruit to 108,000 this year. We are basically on schedule with a little over 106,000 at this time.

Last year we fell behind schedule, but we caught up near the end of the year. This year is going better. We don't anticipate any problem reaching the 108,000, and it requires a lot of hard work by our recruiters.

We are requesting from you to go to 111,000 personnel in the Air National Guard. Each month we reach a new all-time high in strength in the Air National Guard. This 111,000 is not growth to be growing, sir. It is tied to equipment changes, the F-15's announced as coming to the Air National Guard, more F-16's to the Air National Guard, C-141's, C-5's, more C-130H's that Congress has appropriated for us, and completion of the reengining of our KC-135 tankers with the JT-3D engine.

We have modest growth in full-time manning and AGR military support of plus 800 for AGR's and plus 400 in technicians. This growth is all tied programmatically to the equipment that we have and the needs that we have to stay trained to be ready.

I might add that as most of the staff knows, we are probably the highest manned force of the components here in terms of percentage of full-time personnel. That is partly because of the 1,700-plus aircraft that we have, over 700 of them are very costly F-4's like the Fresno Air Defense Unit and the March Air-to-Ground Tactical Units have. Both require a lot of full-time manpower.

With our 1,700 high performance aircraft, we pulled 16 air defense alert missions daily in this country and 13 Strategic Air Command missions with our KC-135's. Some of these are manpower intensive.

We support the Active component. In California, Fresno has two alerts and there are two more on the George Air Force Base. Our C-130 unit at Van Nuys, for example, with 16 aircraft, is the largest C-130 unit that the Air National Guard has and, in fact, we are working environmentally with assessment and feasibility studies to move that unit, as you may be aware, to Point Magu and build a new facility there to better accommodate them.

In addition, we are tasked by the Air Force around the world with rotations to Panama, Europe, and Asia.

We do request your support. The Air Force considers us a total partner as we are a partner with the National Guard in the States. I guess the main thing I can say is that the full-time people are highly experienced as are drill status personnel.

Although the Active Guard and Reserve didn't all come over on the Mayflower together, sir, we are certainly all in the same boat today and we all need to be combat ready at the same levels and we appreciate your support.

Thank you.

[The prepared statement of General Conaway follows:]

PREPARED STATEMENT OF MAJ. GEN. JOHN B. CONAWAY, DIRECTOR, AIR NATIONAL GUARD, U.S. AIR FORCE

Mr. Chairman and members of the Committtee, it is my pleasure to report to you on the current status of the Air National Guard. We continue to make steady progress in improving the readiness and capability of our 91 flying units and 244 mission support units. We are extremely happy to be back in the strategic airlift business with activation of our first C-5 and C-141 units at Stewart Airport, New York and Jackson, Mississippi. We have significantly expanded our capabilities in the tactical fighter arena with conversion of our New Orleans unit to first line F-15 aircraft, probably the best overall air superiority fighter in the world today. Our South Carolina F-16 unit, the first in the Air Guard, will have some competition as we activate our second F-16 unit at Kelly Air Force Base, Texas. More F-16 conversions are programmed in the outyears. Over the next few years, we will continue modernizing our flying forces with eventual retirement of the F-106 and older F-4s. With the help of the Congress, we also have been able to replace some of our aging C-130 aircraft with new production C-130Hs and we have made a significant start in modernizing our tactical communications equipment.

We have modified our A-7 aircraft with state of the art forward looking infrared radar (FLIR) and have installed smokeless engines on some of our F-4 aircraft to reduce their visibility in combat situations. Installation of the off-boresight for the AIM-9 L/M missile has also greatly enhanced the capability of our F-4s. We are very proud of our newly reengined KC-135 tankers. The reengining will be completed this year and the new JT-3D engine will allow us to carry more fuel over longer distances. In several instances, one reengined tanker did the job of two older models in refueling fighter aircraft deploying overseas. In addition, the reengined tanker can carry personnel and equipment, thus freeing previously used C-130s for other taskings. I once again thank the Congress for their support of this program over the last few years.

We have seen an increase in overall manning from approximately 93,400 at the end of FY 1979 to a little over 105,000 at the end of FY 1984. We are programmed to go to almost 108,000 this year and to almost 110,900 in FY 1986. This growth will take us from 95.7 percent of wartime requirements in the beginning of the 1980's to 99.2 percent at the end of FY 1986 even though wartime requirements have grown by 14,150 over the same period.

We have significantly expanded the simulated wartime training activities of our flying and mission support units. We have increased participation in Joint Chiefs of Staff exercises, overseas deployments, and joint training exercises with Air Force and other service units.

As a result, I can report that the readiness of the Air National Guard is at the highest overall level in its history. However, we do continue to have problem areas.

The average age of our fleet of over 1,600 aircraft is now 17 years. We have made significant improvement in obtaining support equipment but have a long way to go to fully update our tactical communications gear. Any improvement in equipment readiness will depend directly on Congressional support for Air Force procurement requests.

With procurement levels limited by available resources, we need to continue to improve the mission capability of our current weapon systems through modifications such as the FLIR, AIM-9L/M and low smoke engine programs which I mentioned earlier. Some of the additional modifications we are looking at include a 10 MIL bombing system, a digital inertial navigation system and an ADTAC radar for our F-4s.

While our manning level has improved, we are short in many critical mission skills. However, the bonus/incentive program has helped to reduce our shortfall and we are confident our targeted recruiting efforts will prove successful. Also, the new G.I. Bill which will be effective on July 1, 1985 should be extremely beneficial in attracting people to the Air Guard.

In reviewing the mix of active and reserve forces, I feel the Air Force has achieved a well balanced mix. The primary mission of the Air National Guard should continue to be to provide properly equipped and trained units for mobilization whenever called upon in time of crisis. As evidenced by increased readiness and exercise participation, our flying and mission support units stand ready to respond in any mission area whenever needed.

As more modern aircraft and equipment become available, robusting of some of our current units will continue to provide increased capability at relatively low cost. Establishment of new combat flying units in the Air National Guard, rather than robusting, would not add more overall capability nor be more cost effective.

Transfer of active Air Force missions with high levels of peacetime activity would neither fit the basic mission of the Guard nor result in any significant economy of operations. We are better able to take advantage of available local manpower resources and lower costs of peacetime operation when we are training to provide a true mobilization force.

As a final example of our contribution to the Total Force, I am extremely pleased to tell you that we have four astronauts who are in the Air Guard. Three have been on Space Shuttle flights and the fourth will be on an upcoming flight. These professionals represent the high caliber of our people. We can all be proud of their dedication to serve as members of the modern militia.

In summary, the Air National Guard is ready to meet the challenges we are given. The capability of our citizen airmen to respond to the most demanding wartime missions is a matter of record.

We appreciate the continuing strong support of the Congress. That support has permitted the Air National Guard to make significant progress during the 1980s toward our goal of strength through readiness.

Senator **Wilson**. Thank you, General Conaway.

That is an interesting metaphor for an Air Force man.

Now we will hear from your Air Force colleague, Maj. Gen. Sloan R. Gill, who is Chief of the Air Force Reserve.

STATEMENT OF MAJ. GEN. SLOAN R. GILL, U.S. AIR FORCE, CHIEF OF THE AIR FORCE RESERVE

General **Gill**. Thank you, Mr. Chairman.

I would like to thank you for the opportunity to appear before this subcommittee to present the Air Force Reserve manpower program for fiscal year 1986.

With your permission, I would like to submit my statement for the record. I will just highlight some points of interest to this subcommittee.

I am pleased to report that the Air Force Reserve is stronger than it has ever been. All units can be mobilized in 24 hours and can be deployed within 72 hours. The fiscal year 1984 attained end strength of 70,318 exceeded the programmed end strength of 69,880 and we do not anticipate any difficulty in reaching the fiscal year 1985 programmed end strength.

This is the 7th year in a row that we have exceeded our program.

All but two of our equipped flying units are combat ready. Both of these squadrons have a large percentage of aircraft undergoing major depot maintenance.

In response to emergency situations around the world, Air Force reservists enhanced the public image of the peacetime military while saving 26 lives and relieving the plight of many disaster victims.

The Air Force Reserve is fulfilling its peacetime mission and is ready to fulfill its wartime mission. In this context we are requesting an average Selected Reserve strength of 75,600 for fiscal year 1986, a 3.7-percent increase over the fiscal year 1985 level of 72,900.

Mr. Chairman, let me elaborate briefly on the points I have just made. Our ability to attract and retain motivated, dedicated, high quality people is reflected in the net gain of 3,091 people—or 4.6 percent—we experienced during fiscal year 1984.

Furthermore, 97 percent of all nonprior service enlistees were high school graduates or equivalent.

As in the past, getting and keeping the required numbers of qualified personnel in critical skill areas continues to be difficult. We have expanded our present incentive program into one that better recognizes the economic realities of recruiting and retaining highly skilled personnel in those areas.

We are currently manned at the 93 percent critical skill level in the unit program. The incentive programs authorized by Congress for this purpose will allow the USAFR to improve operational efficiency and have a meaningful positive effect on recruiting and retention.

With these resources, we will be able to more effectively attract prior service people who have already received extensive training and experience in the critical skills we require.

The dedication and motivation of our people are exemplary. Two examples should amply explain this fact.

First, in virtually every instance where our units were upgraded with modern equipment, they attained combat ready status in less than the programmed time. A good example of that is the 452d Air Refueling Wing at March Air Force Base.

Second, reservists routinely train with the Active force and support valid active duty requirements such as MAC airlift, refueling, rescue, hurricane and reconnaissance activities.

The Air Force Reserve will continue to pursue modernization of our airlift and fighter forces in fiscal year 1986 with C-5's, C-141's, KC-10 associate, F-16's and some C-130H's that are added by Congress.

In the area of combat support and mission support activities, there are more than 400 Air Force Reserve support units. The Air Force Reserve provides 64 percent of the aeromedical evacuation units and 25 percent of the Air Forces' tactical hospitals and clinics.

Also, the Air Force Reserve provides approximately 60 percent of the aircraft battle damage repair capability, 20 percent of the Air Force civil engineering force and equipment, and 50 percent of the Aerial Port Squadrons. The majority of our programmed build from fiscal year 1985 to fiscal year 1986 is in the civil engineering force.

One of the main reasons we have been so successful in maintaining readiness in the Air Force Reserve is our high level of annual and inactive duty training [IDT] participation. We are very encouraged by this upward trend in Reserve participation in training events as it reflects increased mission readiness and interest on the part of each reservist.

Our high level of readiness can be attributed to our Military Technician [MT] Program. MT's, more commonly referred to as Air Reserve Technicians [ART's], are full-time employees of our Selected Reserve units who provide critical technical support and contribute significantly to our mobilization readiness. They are 16 percent of our unit strength and they mobilize with their units.

Also, over 95 percent of our Air Reserve technicians are at wing level and below. Their unique military contribution to readiness places them apart from the general category of civilian personnel in the Air Force.

With respect to mobilization readiness, a small number of our technician force, both officers and enlisted, who generally through no fault of their own are separated from military assignment, must, as a result, be continued indefinitely in their civil service position as status quo. Those affected are no longer mobilization assets.

In an effort to remedy our status quo problem, we have initiated changes to title V and title X, United States Code. These efforts, if supported by this Congress, will assure our technician force will be mobilization ready at all times.

The technician program is an integral part of the full-time support of the Air Force Reserve and has proven to be a cost effective and practical means of management and has resulted in a strong readiness posture.

In summary, Mr. Chairman, although I have mentioned only a few aspects of our program, I feel they represent the overall excellence in our Air Force Reserve. I will close on the same note that I began. The Air Force Reserve is fulfilling its peacetime mission and is fully ready to accomplish its wartime role. We feel this is a very solid foundation to support our requested programs for fiscal year 1986.

Before closing, I want to express my appreciation for the concern and interest that has been shown by this subcommittee in readiness and equipment availability of our Reserve forces.

That concludes my statement, Mr. Chairman. I will be glad to answer questions.

Thank you.

[The prepared statement of General Gill follows:]

PREPARED STATEMENT OF MAJ. GEN. SLOAN R. GILL, CHIEF OF AIR FORCE RESERVE, HQ USAF

Mr. Chairman and Members of the subcommittee: Thank you for the opportunity to submit for the record the Air Force Reserve manpower program for fiscal year 1986.

It is with great pleasure that I report that the Air Force Reserve attained an end strength of 70,318 in fiscal year 1984, exceeding its programmed end strength of 69,880. All of our units are well-manned and well-trained. All Reserve units can be mobilized in 24 hours and deployed within 72 hours. The keys to Reserve effectiveness have been, and continue to be, modern equipment, meaningful missions, our technician and Reserve personnel and the strong support of the active force. Overall, I believe the Air Force Reserve is stronger than it has ever been.

As of January 1985, all but two of our equipped flying units were combat ready. Both of these squadrons have a large percentage of aircraft undergoing major depot level maintenance.

All six of our associate strategic airlift wings were combat ready, as were our two SAC Associate KC-10 units. In fiscal year 1986, SAC will begin operation of the third KC-10 Main Operating Base (MOB) at Seymour-Johnson AFB, North Carolina. As with the existing KC-10 units, the Air Force Reserve Associate program will provide one-half of the total aircrew force for the KC,0 at Seymour-Johnson. This year the Air Force Reserve will begin providing maintenance manpower at all KC-10 MOBs, in order to provide wartime surge flying hour capability for the KC-10 force. Each of the three KC-135 tanker squadrons remains in combat ready status and has crews standing daily alert.

The Air Force Reserve will continue to pursue modernization of its airlift and fighter forces in fiscal year 1986. This year we will continue with the conversion of our first equipped C-5 strategic airlift unit located at Kelly AFB, Texas. In fiscal year 1986, we will stay at five Primary Aircraft Authorized (PAA) C-5s while continuing to train our people. Then in fiscal year 1987, as new C-5s are procured, we will continue to build the unit to its full complement of 16 aircraft. Placing C-5s in the Air Force Reserve will reduce their peacetime flying cost and extend their service life because we will fly them less than the active force.

In fiscal year 1986, we will also establish our first C-141 equipped strategic airlift unit by converting our C-130E unit at Andrews AFB, Maryland to C-141s. The C-141 has long been the backbone of the strategic airlift fleet and we are proud to expand our mission to the equipped role. We will provide 100% of the aircrews and maintenance personnel for our equipped strategic airlift units while continuing to supply 50% of the aircrews and 40% of the maintenance personnel for the C-141s and C-5s in the associate fleet.

On the tactical airlift side, we will flesh out our only C-130H unit from six to eight PAA in July 1985 with the delivery of the two aircraft purchased for us in fiscal year 1984. The fiscal year 1985 procurement of eight additional C-130Hs will allow us to retire eight of our older C-130A models. The remaining 48 aircraft will average 28 years of age and are programmed to remain in the inventory until the mid 1990s when they are to be replaced by C-141s and newer C-130s displaced from the active duty inventory by the purchase of C-17s. This is a workable plan, but is obviously contingent upon timely procurement of the C-17. If the program is delayed, it will be very expensive, if not impossible, to maintain these 1950s technology C-130s. To preclude this from happening, I urge Congress to fully support the C-

17 to eliminate existing airlift shortfalls and provide replacements for our A model C-130s.

Our fighter force remains constant in fiscal year 1986 with 216 PAA. The F-16 and A-10 help to keep the average age of our fighter/attack force down, but the F-4D is still the mainstay of our force. As a result of congressional interest and appropriation action last year, we will be able to increase the combat capability of these forces with the installation of low smoke engines and off-boresight AIM-9 missile capability. However, as with the C-130 fleet, our continued modernization depends on the procurement rates of new aircraft. Any cutbacks in F-16 and F-15 procurement levels will dictate that some of our F-4D aircraft remain in our inventory even longer than the currently programmed early 1990s. Our concern is that a gradual extension of force life does not allow proper lead time for required modifications to the F-4 and early model F-16 forces to keep them viable against the threat of the late 1980s and early 1990s. I urge Congress to support the goals and concepts of the Tactical Fighter Roadmap.

Our high level state of readiness can be attributed to our Military Technician program. Military Technicians (MTs), also referred to as Air Reserve Technicians (ARTs), perform a unique role in our total military force. They are full-time employees of the Air Force Reserve who provide day-to-day management of and training support for Selected Reserve units. As a condition of employment, MTs are required to meet both civil service and military hiring criteria and must maintain active Reserve status in the Selected Reserve. This dual aspect of civil service employee and active status Reservist is designed to attract and retain highly-qualified individuals to the military technician program; to improve the mobilization readiness of Selected Reserve units by insuring continuity of service prior to, during, and after mobilization; and to guarantee the presence of these employees during an emergency. Because of the present mandatory separation and discharge provisions of sections 8848 and 8851, Title 10 USC, there are instances in which senior Reserve MTs are required to terminate their active status in the Reserve, even though they have not yet qualified for civil service retirement. Even though these persons are eligible for continued civil service employment, they are not eligible to be employed as Reserve technicians because they cannot meet the employment condition of active status in the Reserve. This condition presents a serious detriment to the Reserve program in that MTs who are separated from their military assignments, or who cease to hold the military grade specified for the position, must be continued indefinitely in the civil service position as "status quo." Those affected are not eligible to mobilize with their unit of assignment, yet they continue to encumber the full-time administration/training position.

In a conscientious effort to remedy the Air Force Reserve "status quo" problem, two actions involving proposed changes to legislation found in Title 5 and Title 10 USC have been initiated. Proposed changes to Sections 8335 and 8336, Title 5 USC, will permit the separation of "status quo" technicians as soon as they become eligible for an immediate retirement annuity. To assure MTs who lose their military status prior to attaining minimum age and service requirements for an immediate civil service annuity are maintained as military mobilization assets, a counterpart legislative proposal to Sections 8848 and 8851, Title 10 USC, was necessary. The proposed amendment to Title 10 will allow the Service Secretary to extend Reserve officer MTs to age 60, if necessary, so they remain as active military members until they reach civil service retirement eligibility. The proposed amendments to existing legislation in both Title 5 and Title 10 will provide a combat ready technician force and at the same time offer fair and equitable treatment to the technician regarding tenure in his/her civil service capacity. We were able to secure Congressional authority in the fiscal year 1985 DoD Continuing Resolution Authority (CRA) Appropriations Act, P.L. 98-473, to retain USAFR officer Military Technicians in an active status until age 60. However, this authority is temporary (30 September 1985) and permanent legislation will be pursued during the first session of the 99th Congress.

As Reservists train, they support requirements that would otherwise have to be fulfilled by active force resources. For example, in fiscal year 1984, Reserve crews of equipped units airlifted 11,998 tons of cargo, flew 96,631 passengers and air dropped more than 37,000 troops as part of their normal training missions. Additionally, Air Force Reserve associate C-141 and C-5 units flew more than 82,000 hours, and our associate aeromedical evacuation units flew 2,436 missions, airlifting more than 80,000 patients. In an operation which began in 1977, we continue to share rotational duty in Panama with the Air National Guard in support of United States Southern Command. We provide six C-130 aircraft and seven crews six months each year.

Our Special Operations Reservists continue to provide outstanding rescue support for launches of the Space Shuttle mission at Cape Canaveral, Florida. For the nineth consecutive year our weather reconnaissance group flying out of Keesler AFB Mississippi, accomplished more than 70 percent of all hurricane missions in the Gulf of Mexico, the Atlantic and the Caribbean; last year we tracked 8 hurricanes/storms. Additionally, the unit assisted the Guam based active weather unit in tracking three separate storms in the Hawaiian Island area.

In fiscal year 1984, Air Force Reserve rescue and recovery units flew 56 search and rescue missions and were officially credited with saving 26 lives. During this same period, the Civil Air Patrol (CAP) flew 1,978 search and rescue missions accounting for 151 lives saved. The Air Force Reserve continued to provide valuable assistance and advice for CAP activities such as cadet encampments, aerospace education workshops, and a wide variety of other special activities, such as disaster exercises.

A Reserve Military Training Squadron was established in 1983. This unit, at Lackland AFB, Texas provides military training instructors to support the basic training surge during mobilization. Also in fiscal year 1984, the 46th Tactical Fighter Training Squadron (TFTS) was formed at Barksdale AFB, Louisiana. This unit performs pilot upgrade training in A-10 aircraft for the Air Force Reserve and the Air National Guard.

Only through our people's dedication to the role of citizen-airman and the support they receive from their families, their communities and the active Air Force can we accomplish our primary mission of training for mobilization. Our Reservists' talent, personal sacrifice and dedication to mission accomplishment were again proven during the many JCS and MAJCOM exercises and deployments such as Ocean Venture 84 and Reforger 84.

In the area of combat support and mission support activities, there are more than 400 Air Force Reserve support units. Many of these units, as part of their training activities, make significant peacetime contributions which assist in keeping the peacetime expenditure of the Total Force to a minimum. The Air Force Reserve provides 64 percent of the aeromedical evacuation units and 25 percent of the Air Forces' Tactical Hospitals and Clinics. Currently, Reservists contribute almost 60 percent of the aircraft battle damage repair capability with personnel in six Air Force Logistics Command gained Combat Logistics Support Squadrons. Also, the Air Force Reserve provides approximately 20 percent of the Air Force civil engineering force and equipment and 50 percent of the Aerial Port Squadrons. The majority of our combat support programmed build from fiscal year 1985 to fiscal year 1986 is in the Civil Engineering force.

In addition to our unit program, the Air Force has a successful program to provide trained Individual Mobilization Augmentees (IMAs) to active force units upon mobilization. IMAs are members of the Selected Reserve and are assigned to specific positions established in active force organizations and are trained and supervised by the active force. IMA requirements are identified by grade and skill as part of the annual wartime manpower planning process of the Air Force.

Reservists assigned to IMA positions are fully qualified in their Air Force specialties. As a result, these Reservists in fields as diverse as medical, legal, research engineering, maintenance and intelligence are able to assist with the day-to-day mission of their organizations while they are on inactive duty and active duty training periods. For example, some of the physicians performing physical examinations or prescribing medication on a typical Air Force base are IMAs performing their monthly or annual training. As another example, IMAs in the intelligence field are producing standardized critical area intelligence summaries for postulated missions into selected countries. These summaries cover data on geography, population, weather, military capability, and lines of communication. In addition, intelligence IMAs support the Airborne Warning and Control System by analyzing electronic countermeasure systems employed against the E-3A Sentry aircraft.

We have attained 97% of our fiscal year 1985 programmed strength of 11,973 IMAs in Pay Groups A, B and D. Category A Reservists are authorized 48 inactive duty training periods per year plus a 15-day active duty tour. Category B Reservists are authorized 24 inactive duty training periods per year, plus a 12–14 day active duty tour while Category D Reservists are authorized a 14-day active duty tour. For fiscal year 1986, we are requesting an IMA strength of 11,899. The total Air Force requirement for approximately 19,532 wartime IMA positions is indicative of the importance attached to this program. For the past few years, we have been working toward increased manning of these positions consistent with our ability to fund the program. Requests from the active force for IMAs to fill approved wartime manning positions always far exceed the funds available to do so.

I mentioned earlier the very favorable manning posture the Air Force Reserve has achieved and maintained. We started fiscal year 1984 with 67,227 people and ended the year with an on-board strength of 70,318, a net increase of 3,091 people. We have maintained the quality of our force as evidenced by the fact that 97 percent of all non-prior service enlistees were high school graduates or equivalent. Our unit commanders and supervisors at all levels continue to take an active recruiting role. With their enthusiasm and hard work, combined with the excellent performance of our recruiting force, and a continued command emphasis on retention, we fully expect to meet our fiscal year 1985 programmed end strengths.

As in the past years, the recruitment and retention of qualified personnel in critical skill areas continues to be difficult. It is in these areas that we will continue to concentrate our incentive program to better recognize the economic realities of recruiting and retaining highly skilled personnel. The programs authorized by Congress for this purpose will allow the USAFR to improve operational efficiency and have a positive effect on recruiting and retention. With these resources, we will be able to attract prior service people who have already received extensive training and experience in the critical skills we require.

In summary, while the war-fighting and readiness role of the Air Force Reserve continues to be an important element within the Total Force, we will continue to modernize our equipment, refine and improve our mobilization procedures, and recruit, train and retain the people needed to assure we are able and ready to fight at any time.

Before closing, I want to express my appreciation for the interest shown by this Committee in the availability of readiness equipment for our Reserve forces. Equally important to our Reserve men and women is the message it conveys of the support of Congress for their dedication and efforts.

This concludes my statement, Mr. Chairman. I will be glad to respond to questions.

TABLE I.—DEPARTMENT OF THE AIR FORCE—AIR FORCE RESERVE PERSONNEL

	Fiscal year							
	1984 (actual)		1985		1986		1987	
	End	Average	End	Average	End	Average	End	Average
Flying units	34,505	33,477	35,951	34,960	37,382	36,435	38,476	37,443
Mission support units	22,378	21,041	24,305	23,757	25,687	25,280	27,586	26,787
Individuals	11,633	11,523	11,973	11,738	11,899	11,614	12,449	11,966
Statutory tours	200	192	289	289	304	301	310	310
Recruiters	289	282	314	314	331	328	359	352
Nonprior Service Enlisted Program	1,136	1,163	1,625	1,470	1,425	1,270	1,425	1,270
Nonprior service enlisted personnel awaiting training with pay	177	224	372	372	372	372	372	372
Total Selected Reserve	70,318	67,902	74,829	72,900	77,400	75,600	80,977	78,500

TABLE II.—DEPARTMENT OF THE AIR FORCE—AIR FORCE RESERVE FORCE STRUCTURE, FLYING UNITS

	End of fiscal year		
	1984	1985	1986
Equipped Units:			
C-5 Strategic Airlift	0	1	1
C-141 Strategic Airlift	0	0	1
C-130 Tactical Airlift [1]	15	15	14
Aerospace Rescue and Recovery	4	3	3
WC-130 Air Weather Service	1	1	1
CH-3E Special Operations Force	1	1	1
AC-130 Special Operations Force	1	1	1
KC-135 Strategic Refueling Tanker	3	3	3
F-4 Tactical Fighter	5	5	5
F-16 Tactical Fighter	1	1	1

TABLE II.—DEPARTMENT OF THE AIR FORCE—AIR FORCE RESERVE FORCE STRUCTURE, FLYING UNITS—Continued

	End of fiscal year		
	1984	1985	1986
A-10 Tactical Fighter	5	5	5
Total Equipped Units	36	36	36
Associate Units:			
C-141 Strategic Airlift	13	13	13
C-5 Strategic Airlift	4	4	4
C-9 Aeromedical Evacuation	1	1	1
KC-10A Tanker Cargo	2	2	3
Total Associate Units	20	20	21
Total Units [2]	56	56	57

[1] Includes an aerial spray detachment of three UC-123K aircraft.
[2] These units also include over 250 support units such as Consolidated Aircraft Maintenance Squadrons, Weapons Systems Security Flights, Mobility Support Flights, etc.

TABLE III.—DEPARTMENT OF THE AIR FORCE—AIR FORCE RESERVE FORCE STRUCTURE, MISSION SUPPORT UNITS

	End of fiscal year		
	1984	1985	1986
Combat Logistics Support Squadrons	6	6	6
Aeromedical Evacuation Units	21	21	21
Medical Service Units/Contingency Hospitals	17	18	18
Aerial Port Squadrons	62	66	67
Civil Engineering Squadrons/Flight	42	46	53
Civil Engineering Squadrons (Heavy Repair)	1	1	1
Communications Security Squadrons	2	2	2
Basic Military Training Squadron	1	1	1
Numbered Air Forces (Reserve)	3	3	3
Total	155	164	172

Senator WILSON. Thank you very much, General Gill.

We will hear next from Maj. Gen. J.J. Went, U.S. Marine Corps, Deputy Chief of Staff for Reserve Affairs.

STATEMENT OF MAJ. GEN. J.J. WENT, U.S. MARINE CORPS, DEPUTY CHIEF OF STAFF FOR RESERVE AFFAIRS

General WENT. Mr. Chairman, it is indeed a pleasure to appear before you and offer the Marine Corps assessment of its Reserve.

I would like to submit a statement for the record with your permission and so will keep this introduction short.

I am pleased to report to the subcommittee and the American people that the Marine Corps Reserve is strong. Our Reserve force is capable today of pursuing its vital objectives. With the support of the Congress, progress toward achieving these objectives will continue.

The Active Force capabilities in the Marine Corps are primarily determined by the responsiveness and deployability required of three Active Marine Amphibious Forces, and in this context requirements of regular manpower are driven by peacetime commitments, forward deployment, rapid deployment criteria, and a need for a rotation base.

In broad terms the Reserve complements this force with a capability to rapidly expand structure by one-third, and increase trained manpower by a half. Considered as a total force, 25 percent of the combat structure and 33 percent of the trained manpower are in the Reserve.

The role of the Marine Reserve on mobilization would be to selectively augment the Active Forces in order to field three Active Marine Amphibious Forces at full wartime strength, reinforce the Active Marine Amphibious Forces with selected units, if warranted by threat assessment, provide capability to reinforce with an additional Marine Amphibious Brigade. If augmentation and reinforcement is not ordered, provide a full division, wing and force service support group; and lastly, if augmentation and reinforcement is ordered, provide a nucleus to reconstitute a full division, wing and force service support group.

The last two roles can only be accomplished well after mobilization has occurred. However, the first three are substantially executable today.

Current challenges, initiatives, and program objectives stem primarily from those requirements. We believe that total force, with separate but complementary Active and Reserve contributions, is a vital, established reality in the Marine Corps.

Programs and funding requirements have been developed to ensure continued strength and improvement. The Marine Corps is a unique force with a crucial role to execute in the national defense. Substantial capability held in reserve is truly an added dimension, one in which the Corps has great confidence and takes great pride.

Thank you for the opportunity to appear here today. I will be glad to answer any questions.

[The prepared statement of General Went follows:]

PREPARED STATEMENT OF MAJ. GEN. J.J. WENT, U.S. MARINE CORPS, DEPUTY CHIEF OF STAFF FOR RESERVE AFFAIRS

Mr. Chairman, distinguished members of the Committee: It is indeed a pleasure to appear before you and offer the Marine Corps' annual assessment of its Reserve.

Since the beginning of the decade, Congress and the Administration have made great strides toward improving the national defense. Reserve programs in general have been strengthened in this process. As tough choices are being debated in developing our course for the next several years, it is important to accurately analyze our current posture and review objectives.

Relatively new to this post and the day-to-day functioning of the Reserve, my analysis has, of necessity, been "zero based." The entire program was examined from a broad perspective. In that context, I am pleased to report to this Committee and the American people that the Marine Corps Reserve program is strong. While there has been routine revalidation, renewal, and some redirection, the objectives are valid and direction is sound. Our Reserve force is very capable today, and vital objectives are being pursued for its future. With the continuing support of Congress, progress toward achieving these objectives will endure.

Total Force and the Reserve's Vital Contribution

The Marine Corps Reserve was established by an Act of Congress and signed into law by President Woodrow Wilson on August 29, 1916. A full partner in the Nation's premier force in readiness, it has been carefully developed as a reserve in the classic sense. With trained units and qualified individuals on call to rapidly augment and reinforce active forces, the Reserve provides our Corps with a valuable added dimension.

Active force capabilities in the Marine Corps are primarily determined by the responsiveness and deployability required of three active Marine Amphibious Forces (MAF's). In this context, requirements for regular manpower are driven by peacetime commitments, forward deployments, rapid deployment criteria, and the need for a "rotation base." In broad terms, the Reserve complements this force with a capability to rapidly expand structure by one third and increase trained manpower by one half. Considered as a Total Force, 25% of the combat structure and 33% of the trained manpower are in the Reserve.

The Individual Ready Reserve (IRR) provides a substantial portion of this trained manpower. Our mobilization assignment system ensures that the skill and experience of these reservists can quickly be assimilated into the force if required. The Selected Marine Corps Reserve (SMCR) contributes trained units, which are organized into the 4th Marine Division, 4th Marine Aircraft Wing, and 4th Force Service Support Group (FSSG). In addition to nine infantry battalions and 18 flying squadrons, these organizations represent 100% of the civil affairs capability, 67% of force reconnaissance units, 40% of the tanks, and much more. Their role upon mobilization will be to:

- Selectively augment the active forces in order to field the three active MAF's at full wartime structure.
- Reinforce the active MAF's with selected units if warranted by threat assessment.
- Provide capability to reinforce with an additional Marine Amphibious Brigade (MAB).
- Provide a full division, wing and FSSG, if "augment/reinforce" is not ordered.
- If "augment/reinforce" is ordered, provide a nucleus to reconstitute a full division, wing, and FSSG.

The last two roles can only be accomplished well after mobilization has occurred. However, the first three are substantially executable today, and current challenges, initiatives, and program objectives stem primarily from those requirements. While our current capability to respond is credible, it must be improved with enhanced manpower, equipment, and training programs. Increased funding will be required; however, investing in the Reserve is sound and the "payoff" substantial.

STATUS OF PROGRAMS

Budget

Funding profiles for the Marine Corps Reserve have paralleled the tempo of change. Increases in both reserve appropriations (Reserve Personnel Marine Corps - RPMC, and Operation and Maintenance, Marine Corps Reserve - O&MMCR) have contributed to increased training, increased readiness, and enhanced mobilization capabilities. Continued advances toward Marine Corps Reserve readiness and wartime strengths are dependent upon maintaining programmed funding levels.

The reserve budget for FY 1985 was previously established at $328.1 million. In the budget currently before Congress, the revised FY 1985 amount of $330.6 million is a net change reflective of several adjustments. There were increases caused by supplemental funding for the military pay raise that became effective on 1 January 1985, the proposed 3% military pay raise effective 1 July 1985, the civilian pay raise of 1 January 1985, and the Educational Assistance Accrual (G.I. Bill) which starts 1 July 1985. These were offset, to a large degree, by a reduction in the Marine Corps Reserve Manpower Plan.

The FY 1986 Reserve budget request of $351.6 million will support both enhancement initiatives and an SMCR end strength of 43,019 (41,900 average strength). This funding represents 4.0% of the overall Marine Corps budget, and a real growth of 1.5%. Listed below is a comparison of FY 1985 and FY 1986 budgets.

TABLE I
FUNDING COMPARISON - FY85/86

RESERVE APPROPRIATION	APPN FY 1985	BUDGET RQ FY 1986
Reserve Personnel, Marine Corps (RPMC)	$271.8M	$290.0M
Operation & Maintenance, Marine Corps Reserve (O&MMCR)	58.8M	61.6M
Total	$330.6M	$351.6M

Within the FY 1986 RPMC Budget, $201.1 million is for pay and allowances, subsistence, clothing, and operational travel for units and individuals during drills, annual training, and initial active duty for training (IADT). We have earmarked $88.9 million for special tour requirements, mobilization training, the Full Time Support (FTS) Program, Incentives Program, Platoon Leaders Course, and the Junior Reserve Officers Training Corps. The RPMC increase of $18.2 million over FY 1985 is necessitated by planned end strength increases within the SMCR and FTS programs. These added reservists are required to support new units, new equipment, and restructuring within the 4th Marine Division, 4th Marine Aircraft Wing, and 4th Force Service Support Group.

The FY 1986 O&MMCR request of $61.6 million provides funds for the day-to-day costs of operations and maintenance. Of this request, $30.3 million directly supports the training of SMCR units. Included are the costs of "expense items" of equipment, consumables, vehicle and airlift support, transportation of Marines and materiel, and local maintenance of equipment. Depot level maintenance of major end items of equipment is funded with $1.7 million. The FY 1986 request also provides $15.2 million for the maintenance and operation of training facilities and administrative support of the SMCR. The remaining $14.4 million pays for administrative support of individual reservists, recruiting activities, and other requirements such as postage.

Significant items in the FY 1986 O&MMCR request include $1.6 million for improved chemical protective suits, $1.3 million for improvements to the Reserve Component Common Personnel Data System (RCCPDS), $1.0 million for the new Kevlar helmet, and $0.9 million for lightweight body armor.

Funding levels described for FY 1986 are critical in our development. The very modest increase in funds for enhanced manpower, training, equipment, and facilities will make a substantial difference in producing a Marine Corps Reserve which is combat ready.

Manpower

From a manpower perspective the Marine Corps Reserve is a vastly improved force over that of the past decade. One significant improvement has been management of the Individual Ready Reserve, the primary source of trained individuals for both active and reserve units upon mobilization. An effective mobilization assignment system and advancements in preassignment programs have been major factors in this development. At the end of 1984, there were over 48,000 Marines in the IRR. By 1990, when the full impact of the military service obligation extension from 6 to 8 years is felt, this number is expected to eventually level at 85,000. A major challenge is continued development of this group of individuals as a viable manpower resource through refresher training, enhanced administration capabilities, and improved mobilization techniques.

The Selected Marine Corps Reserve has also seen significant manpower improvements. Education levels have risen, essentially paralleling the regular Marine Corps. While there has been substantial program growth since 1980, the SMCR manpower plan has recently undergone significant revalidation and some redirection.

In a project aimed at ensuring that each drilling reservist is a mobilization asset, our reserve force was trimmed to 40,619 by the end of 1984 from 42,690 in 1983. Many individuals who did not demonstrate satisfactory drill attendance were transferred to the IRR. Additionally, those who did not have the required occupational specialty were removed from the rolls if they refused retraining. While this has produced a small reduction in end strength (less than 5%) and forced a revision to our manpower plan, significant benefits have been realized in MOS (military occupational specialty) qualification. On the average in 1984, MOS qualification in the SMCR is up 15% over the average for 1983. This represents significant progress in one of the Reserve's major readiness degrading factors.

Another positive aspect of this screening process has been rededication of our efforts towards retention of quality Marines. Gaining and maintaining desired strength levels is vital in any successful program. To complement increased retention, pursuit of manpower requirements has also mandated increased recruiting goals, both prior and nonprior service, and the development of increased opportunities for retraining in needed skills.

A new manpower plan has been developed which calls for modest and achievable growth in the SMCR, averaging 1200 per year. The FY 1985 end strength goal has been revised from 46,447 to 41,757. Our FY 1986 request is for a military end strength of 43,019. Favorable results have been achieved in the first quarter of FY 1985, and accessions are slightly ahead of schedule. While the plan has been revised, our goal of achieving full Reserve wartime strength by 1990 is the same, and in actuality SMCR strength has increased by approximately 5,000 since 1980. With continued pursuit of imaginative training, increased retention, and proper qualifications, the Corps looks forward to achieving its reserve manpower objective.

Another notable aspect of the SMCR manpower program is the increased level of full time support. As a result of the Commandant's direction that active duty manpower growth in the Marine Corps be stabilized, the Reserve Full Time Support (FTS) program has become a most valuable tool. Keeping pace with reserve development, the program is providing full time reserve personnel to assist in organizing, administering, instructing, and training the Reserve. The growth of this program from 803 in 1984 to over 1700 in 1989 accommodates requirements that would otherwise have to be filled by regular active duty Marines.

While the great majority of SMCR individuals train in reserve combat units, there is a program which places drilling Marines on staffs within the active supporting establishment and provides manning for 52 mobilization stations across the country. These mobilization stations are critical to the process of rapidly assimilating the IRR upon mobilization. Referred to as Individual Mobilization Augmentees (IMA), these drilling reservists are becoming key elements of their organizations, as evidenced when they assisted in manning the Marine Corps Command Center during the Grenada operation.

When we consider the issue of countering terrorism, here again the Reserve proves to be a particularly skilled partner. Many reservists, through their government and civilian occupations dealing with law enforcement, security, intelligence, and special operations, have acquired expertise which can be brought to bear on this problem. A symposium, comprised of 30 reservists, met in March and made recommendations on how reserve resources could be used. Some of these recommendations have already been implemented, such as the employment of reserve counter-intelligence teams to assist in providing security during the parade season at the Marine Barracks, Washington, D. C. Also, a data base which lists reserve personnel and their expertise has been established.

Indeed, reserve manpower provides a valuable dimension to the Corps. Individually and collectively, they represent a vast reservoir of talent, experience, and potential combat power. Whether serving on regular staffs in routine duties and exercises, or manning reserve units that will augment and reinforce, these citizen Marines are an essential partner. They are the heart of the Reserve; a valued, added dimension to the Corps' total combat capability.

Materiel and Logistics

Modern combat equipment and materiel readiness are essential in establishing an effective wartime capability. As an integral part of the Total Force, equipment modernization for the Reserve is facilitated by a single acquisition objective which considers both reserve and active requirements. This acquisition objective addresses equipment modernization and includes initial issue quantities for all reserve units, as well as planned sustainability for designated early deploying units through D+60.

While the Marine Corps has always included the Reserve in developing this single acquisition objective, equipment fielding in the Reserve has usually lagged active forces. Funding levels of the past 4 years have finally allowed us to see concurrent fielding. The result is an improved capability to provide trained individuals and units to meet mobilization requirements, conduct realistic training with equipment reservists are likely to go to war with, and integrate effectively with active forces in exercises and actual contingencies.

All major new ground combat systems are being programmed for the Reserve. By comparing active and reserve fielding plans listed below, the Marine Corps' commitment to concurrent fielding in active and reserve units is quickly illustrated.

TABLE II
EQUIPMENT FIELDING FY83-89

Equipment		83	84	85	86	87	88	89
M249 Sqd Auto Wpn	Act			x-----	-----x			
	Res			x-----	------	-----x		
Mk19 40mm Machine Gun	Act			x-----	------	-----x		
	Res			x-----	------	------	-----x	
Shoulder-Launched Multipurpose Assault Weapon (SMAW)	Act		x-----	-----x				
	Res			x-----	-----x			
9mm Pistol	Act				x-----	------	------	-----x
	Res				x-----	------	------	-----x
M16A2 Rifle	Act		x-----	------	-----x			
	Res			x-----	------	-----x		
TOW II	Act		x-----	------	-----x			
	Res				x-----	-----x		
M60E3 Machine Gun	Act			x----x				
	Res			x-----	-----x			
M198 155mm Howitzer	Act	x-----	------	------	------	------	------	-----x
	Res			x-----	------	------	------	-----x
Logistics Vehicle Sys LVS (Dragon Wagon)	Act			x-----	------	------	-----x	
	Res			x-----	------	------	-----x	
M939 5T Series Truck	Act	x-----	------	------	------	------	-----x	
	Res		x-----	------	------	------	-----x	
High Mobility Multipurpose Wheeled Veh	Act			x-----	------	------	-----x	
	Res			x-----	------	------	-----x	
M17A2 Gas Mask	Act			x-----	-----x			
	Res			x-----	-----x			
Kevlar Helmet	Act			x-----	-----x			
	Res			x-----	-----x			

Highlights of reserve ground equipment modernization in FY 1985 and FY 1986 include:

- M198 155mm Howitzer to one artillery battalion

- M16A2 Rifle, MK-19 40mm Machine Gun, M2 .50 Caliber Machine Gun, TOW II, Shoulder-Launched Multipurpose Assault Weapon (SMAW), 9mm Pistol, M60E3 Machine Gun, and M249 Squad Automatic Weapon (SAW) to infantry units

- High Mobility Multipurpose Wheeled Vehicles (HMMWV) to units of the division, wing, and force service support group

- Logistics Vehicle System (LVS) to selected combat service support units of the FSSG

Of the total wartime table of equipment (T/E) requirements, reserve units maintain only a training allowance (T/A) at local facilities. The T/A is approximately 50% of total wartime requirements and represents that amount of equipment which is required for training and can be adequately maintained and stored at local training centers. In this area, the Marine Corps' goals are being met, and over 96% of T/A is presently on hand. The remaining equipment required for mobilization is programmed to be held at Marine Corps Logistics Bases. While these stores are not yet adequate to satisfy total reserve requirements, current programs will essentially eliminate shortages by the end of FY 1988.

Marine Corps procurement funds in the amount of $252 million have been allocated for the Reserve in FY 1985. The FY 1986 request contains a programmed $185.2 million. These funds are respectively 13.7% and 10.7% of the FY 1985 and FY 1986 Procurement, Marine Corps (PMC) Appropriations. The trend indicated by these two percentages is misleading due to the impact of Reserve light armored vehicle (LAV) funding ($116.9M) in FY 1985. If LAV figures are removed, the actual upward trend of Marine Corps Procurement for the Reserve emerges (5.3% in 1984, 7.4% in 1985, and 10.7% in 1986).

TABLE III
PROCUREMENT FUNDS BY COMMODITY AREA

BUDGET ACTIVITY	TOTAL COST FY 1985	TOTAL COST FY 1986
2 - Weapons and Tracked Combat Vehicles	$151.3M	$ 31.6M
3 - Guided Missiles and Equipment	3.3M	-
4 - Communications and Electronics	27.2M	35.3M
5 - Support Vehicles	58.5M	76.5M
6 - Engineer and Other Equipment	11.7M	39.3M
7 - Spares and Repair Parts	-	2.5M
Total	$252.0M	$185.2M

As a result of continued Congressional interest in increasing reserve equipment readiness, $380 million in additional funding was provided to the services with the 1985 Defense Authorization Act for procurement of equipment. The Marine Corps Reserve portion of this total was $30 million. Those additional funds are being utilized to alleviate training equipment deficiencies and accelerate planned modernization. The following is a list of equipment to be procured with the additional appropriation:

TABLE IV
FY 1985 "ADD-ON" EQUIPMENT FOR THE RESERVE

ITEM	QTY	AMOUNT ($000)
M936 Truck, Wrecker, 5-ton	50	$9,000
M923/925 Truck, Cargo, 5-ton	103	9,270
Pistol, 9mm	5000	1,675
AN,PRC-113/VRC-83	165	1,950
Meteorological Data System	2	2,400
Tractor,(Full tracked)	20	1,605
Tractor, (Rough terrain) Wheeled	3	351
Refrigeration Unit	22	53
Maintenance Kit, MK-1823	10	100
Reverse Osmosis Water Purification Unit	6	943
Com Equip (Telephone/switchboard/Ant)		1,654
Generators,(60KW/400Hz)(100KW & 10KW/60HZ)		995
TOTAL		$29,996

Continued emphasis on reduction of shortages and introduction of modern equipment in the Reserve component, coincident with the active component, will assure the Reserve capability to support the requirements of the Total Force.

Facilities

Units of the 4th Marine Division, 4th Marine Aircraft Wing, and 4th Force Service Support Group reside at 186 training sites in 45 states, the District of Columbia, and Puerto Rico. One hundred and forty-five (145) of those sites are shared with the Navy or other services. The remaining 41 sites are either owned or managed by the Marine Corps.

Many of these facilities are of World War II vintage, and upgrade is an issue of long standing. Eighty of the 186 training centers are in need of replacement or renovation. Sixty-five are identified as unfunded projects in the Military Construction Naval Reserve Program (MCNR). The size of the MCNR appropriation from FY 1983 to FY 1985 has averaged $39 million. Concurrently, however, the backlog of projects has increased for the entire MCNR program from $407 million in FY 1983 to $709 million in FY 1986, a growth of 74% in 3 years.

The Marine Corps is certainly receiving its fair share of the funds provided. The MCNR appropriation, however, simply is not large enough to do the job. While we recognize that the ratio of MCNR funding to MCNR backlog is similar to the level of Military Construction (MILCON) funding to Military Construction backlog, the MCNR backlog is a vital issue with a broad impact on the Reserve's ability to recruit, train, and retain quality Marines. Resolution of this shortfall will be addressed in the development of future budgets.

STRUCTURE MODERNIZATION AND ENHANCEMENT

Ground

The Marine Corps total force planning process embraces equipment modernization and structure development. This planning has resulted in certain structure changes within the 4th Marine Division and Force Service Support Group. During FY 1985, the artillery regiment will reorganize one of its three direct support battalions to accommodate receipt of the first M198 155mm towed howitzers in the Reserve. Also, a second civil affairs group will be activated in Los Angeles. The Reserve has 100% of the Corps' civil affairs capability and plans are to eventually establish a third civil affairs group, which will be sufficient to support each of our three active Marine Amphibious Forces. Two salvage platoons will be activated in FY 1985 to complement one existing platoon in the 4th FSSG. This capability is also resident only in the Reserve. A second air naval gunfire liaison company will be activated this year in West Palm Beach, Florida, whereupon 67% of that capability will be in the reserve component. The first reserve unit to be activated in Alaska will stand up in 1985 as a division reconnaissance company in Anchorage. This will provide the Marine Corps with a much improved opportunity to conduct operations in an arctic environment. Additionally, an air delivery platoon will be activated in Savannah, Georgia, to complete structuring of the 2nd Beach and Port Operations Company which began in FY 1983.

Several extremely important SMCR activations will occur in FY 1985 that will significantly improve Reserve medical and dental capabilities. In late FY 1985, Medical Logistics Company-4th Supply Battalion, three medical companies of the 4th Medical Battalion, and all of the 4th Dental Battalion will be activated. At that point, the structure of the 4th Supply and Dental Battalions will be complete. The 4th Medical Battalion will also be complete except for two companies which will be activated next year. Also in FY 1986 a sensor control and management platoon (SCAMP) will be activated in Mobile, Alabama.

A light armored vehicle (LAV) battalion will be activated in FY 1987. It is anticipated that this battalion, consisting of approximately 960 Marines and 110 vehicles, will be distributed over five states. Four TOW platoons are also scheduled for activation during 1987. One will complete the structure of the Anti-Tank Company, 4th Tank Battalion, and the remaining three will be placed in each of the three infantry regiments.

A target acquisition battery will be added to the 4th Marine Division during FY 1988, providing the Division with a greatly enhanced capability to acquire and attack enemy targets. Also in 1988 and continuing into 1989, the 4th Division's remaining two direct support artillery battalions will receive M198 howitzers and reorganize accordingly.

Aviation Modernization and Enhancement

In terms of aircraft modernization, plans are also developed in terms of our Total Force. Even while active squadrons are being modernized, there is presently a substantial degree of commonality. Among others, aircraft such as the F-4S, CH-46E, UH-1N, AH-1J, and KC-130F are all being flown by the active force as well as the Reserve. Nevertheless, planned modernization of the Reserve is very important. Though updated and very capable models are being received from the active force as they receive new aircraft, existing reserve inventories are aging, and there are acknowledged shortages, especially in aerial refuelers and attack helicopters.

Our modernization plans provide newer and more advanced F-4S's and A-4M's in reserve fighter and attack squadrons as they become available. Our goal is to upgrade with the Hornet and have an all F/A-18 reserve fighter/attack force with the transition beginning in 1991. As OV-10D's become available, they will be added to the observation squadron. There will be a mix of A and D models for a period beginning in FY 1988, and eventually an all OV-10D inventory in both active and reserve squadrons.

In our last prepared statement to the Congress, we described a planned exchange of heavy/medium helicopter structure in FY 1992 (1 heavy/2 medium transitioning to 2 heavy/1 medium). Requirements have been reexamined, and that transition will not occur. Present plans are to modernize the heavy lift helicopter squadron, which is currently flying the CH-53A aircraft, with the CH-53D in FY 1992. Two 12-plane CH-46E squadrons will continue to provide medium lift capabilities for the Reserve until FY 1998/99, when they will transition to the MV-22A, Osprey. Of our three utility squadrons, two fly the UH-1N, while the third squadron has six of the older UH-1E helicopters. In the course of bringing reserve attack helicopters to 24 aircraft in FY 1988, the UH-1E squadron at Glenview, Illinois, will transition to the AH-1J, Cobra.

The Reserve currently has one squadron of KC-130's. This squadron is partially configured with the newest KC-130T. Costs of the phased stand-up of a second squadron and deployable intermediate maintenance activity (IMA) at Stewart Air Base, New York, are being identified. While these costs do not appear in the FY 1986 budget, our strategy is to develop these costs in FY 1987 planning. The addition of a deployable intermediate maintenance capability for the Reserve is critical to attaining the ability to independently deploy a reserve Marine Amphibious Task Force (MAGTF). Timely stand-up of the squadron and IMA at Stewart in concert with anticipated completion of construction during the 4th quarter of FY 1987 is heavily dependent on continued Congressional support.

While there are extensive challenges, reserve squadrons are consistently demonstrating that they are up to the task. One example is the designation of VMFA-112 in Dallas as the Marine Corps 1984 Fighter Squadron of the Year. This competition included all fighter squadrons, active and reserve, F-4 and F/A-18 alike. Also, three reserve squadrons have assumed active contingencies during the F/A-18 and AV-8B active force transition schedule. These are indicators that, in aviation combat capabilities as well as ground, the Reserve is an integral partner within the Marine Corps Total Force.

TRAINING AND READINESS

Essential for a combat ready ground and air structure is the combination of manpower and equipment into an effective training program. Active/reserve integration is the dominant theme, and our efforts are directed in two areas. Collective training is very important, and our emphasis is on unit performance within a Marine Air-Ground Task Force (MAGTF). Concurrently, it is vital to effectively complement this collective training with programs aimed at the professional development and military occupational specialties of individuals.

Training for Individuals

Two programs contribute most to the training and mobilization potential of individuals from the IRR. The Exercise Support Program provides small detachments and individuals the opportunity to participate in major exercises under the cognizance of FMFLant and FMFPac. Two highlights in this program for 1985 are as follows: 17 individuals from the IRR will augment a Joint NATO staff in London, England, for exercise WINTEX-CIMEX; and 150 reservists from the IRR will support exercise TEAM SPIRIT by deploying to Korea as part of the III Marine Amphibious Force. In addition to giving valuable support to the active staffs involved, this training is invaluable to the enhancement of an individual reservist's mobilization potential.

The Reserve Counterpart Training Program (RCT) is also designed to provide officer and enlisted personnel of the IRR an opportunity to train with their active duty counterparts. It complements the exercise support program by focusing on training within job skills (MOS) while conducting routine duties. The RCT program is scheduled to expand and will become a primary vehicle to support refresher training of the 8-year obligor as those requirements emerge.

Another focal point in our training program for individuals is increased levels of participation in professional development schools. These opportunities provide career, intermediate, and senior-level schooling for Reserve officers in the SMCR and IRR similar to that offered for regular officers. Reservists attend the Marine Corps Amphibious Warfare School and the Marine Corps Command and Staff College, as well as the Naval War College. Candidates from the grade of warrant officer to colonel are designated by selection boards to ensure that the most qualified individuals attend. The program is expanding from 861 in 1984 (62% SMCR, 34% IRR, 4% FTS), to 902 in 1985 (54% SMCR, 41% IRR, 4% FTS), and to over 1200 in FY 1986.

Training and Readiness of Units

For units as well as individuals, the same expertise and proficiency in command and control, fire support coordination, amphibious planning, and fire and maneuver expected of the active force is also expected of the Reserve. These skills are continually refined through exercise participation. A cycle of training is maintained which includes, among others, combined arms exercises, cold weather training, and amphibious landings. Over 25,000 reservists gained the benefit of participating in 14 major exercises during 1984. Highlights of the FY 1984 exercise schedule were combined arms exercises (CAX) at 29 Palms, California, cold weather training abroad in exercise COLD WINTER and TEAM WORK, and a major reserve amphibious exercise - PHALANX SOUND II - conducted by 2d Marine Amphibious Brigade.

The 2d MAB was activated in 1979, and its elements are spread over a substantial geographic area. Until recently, training was largely conducted as individual units and staff groups. In 1983 the 2d MAB headquarters element conducted a command post exercise (CPX) at Camp Lejeune, North Carolina. That exercise, PHALANX SOUND, was the first opportunity for the 2d MAB headquarters to function as a centralized staff. Based on lessons learned from the CPX, the MAB staff began planning for an amphibious exercise. In August of this last year, under the command of Brigadier General Sangalis (USMCR), 2d MAB conducted a highly successful amphibious exercise with over 7000 reservists participating. Rear Admiral Rogers, Amphibious Task Force Commander, observed at the conclusion of PHALANX SOUND II that "...by forming that essential Navy/Marine partnership and following established doctrine, the concept of Total Force amphibious operations was verified. You have won our utmost respect."

Training a reserve MAGTF is a valuable tool. It lends credibility to the Total Force concept, and provides a vehicle for peacetime training activities. Developing plans around a reserve MAGTF gives focus and direction to employment and equipment planning for the Reserve. While much has been done, there is still progress to be made. The concept, however, is valid and the Marine Corps will forge ahead in its efforts toward developing a fully capable Reserve MAGTF.

Another feature of the annual exercise schedule is reserve unit participation in the Marine Corps Combat Readiness Evaluation System (MCCRES). Reserve units are routinely assessed with the same criteria used to evaluate active force combat capability. While the results of these tests are primarily intended for the use of unit commanders, insight as to the success of our training programs can be gained by comparing evaluated readiness between 1981 and 1984. Of units tested both years, 54% were judged combat ready in 1981, while in 1984 all were assessed as being combat ready.

In addition to tactical expertise, another aspect of reserve readiness is being prepared to mobilize. This facet is routinely assessed and exercised from an overall perspective by participation in JCS mobilization exercises. Most recently, during exercise POWDER RIVER 84, the Marine Corps actually moved units and individuals to their gaining command through designated stations of initial assignment. Some units and individuals, mobilized for POWDER RIVER, actually participated in exercise BEAR HUNT overseas. Complementing this system at the unit level, the 4th Marine Division and 4th Marine Aircraft Wing conduct what is known as a Mobilization Operational Readiness Deployment Test (MORDT). Again, comparing MORDT results of 1981 and 1984 is particularly instructive. Of 95 different units tested in both years, 81% were evaluated as being ready in 1981, while 94% were judged ready just last year.

Training and readiness of the Marine Corps Reserve is at a high state. There are substantial challenges in years to come, especially in the area of developing MOS skill training in the SMCR, geared toward the time available for a reservist to train, and tailoring refresher programs for the IRR. While there is progress to be made, our training programs have consistently yielded excellent results. Reserve units and citizen Marines are as ready today as at any time in history to integrate into the Nation's force in readiness and contribute effectively.

CONCLUSION

The Marine Corps Reserve is a vital added dimension to the Corps' Total Force. High morale and the dedication of its Marines are major strengths. Requirements to improve our present and future capabilities have produced some crucial objectives, primarily in manpower and equipment. Our approach towards achieving these objectives can be summarized in a three-pronged strategy.

First, we must continue our substantial efforts in recruiting, training, and retaining quality Marines. This must be a broad based emphasis which is reflected in all aspects of the program, from compensation to imaginative training. Modern facilities are also extremely important. One of our great challenges is the maintenance of desired strength levels in the face of a declining, eligible manpower pool. Meeting this challenge will require not only careful manpower management, but also adept leadership, creative training programs, and a skillful balance of incentives. With the proper environment, the Reserve can deliver what is expected.

Second, the momentum of our force modernization effort must continue. State of the art equipment and modern training facilities are extremely important. In addition to upgrading capabilities, they heavily influence the recruiting and retention of personnel. This may be the most important factor in establishing the Reserve as a credible combat force.

A final key to enhancing Reserve capabilities is continued emphasis on active/reserve integration. From the headquarters staffing process to units in the field, it is the essence of what the Reserve is about. Mobilization is ultimately active/reserve integration, and it is appropriately the dominant factor in reserve planning. The Marine Corps has a good system for accomplishing this integration. More reservists are involved in active force training than ever before. Major program sponsors in the Marine Corps wear a reserve hat as well as active, and the office of the Deputy Chief of Staff for Reserve Affairs is included at every level of decision making. The salient point is that the mechanism is in place, and we are making it work.

Total Force, with separate but complementary active and reserve contributions, is a vital, established reality in the Marine Corps. Programs and funding requirements have been developed to ensure continued strength and improvement. The Marine Corps is a unique force with a crucial role to execute in the national defense. Substantial capability held in reserve is truly an added dimension, one in which the Corps has great confidence and takes great pride.

Senator WILSON. Yes, thank you.

We will now hear from Rear Adm. Joseph A. McDonough, U.S. Coast Guard, Chief of Readiness and Reserve.

Let me say in welcoming you, admiral, it is all too rarely that we have an opportunity to entertain testimony from the Coast Guard, but we are ever mindful of the very important role which the Coast Guard has played and continues to play in our national security, even if we do during times of peace loan you to the Department of Transportation.

STATEMENT OF REAR ADM. JOSEPH A. McDONOUGH, U.S. COAST GUARD, CHIEF OF READINESS AND RESERVE

Admiral McDONOUGH. Thank you very much, Mr. Chairman.

I certainly do appreciate this as it is my first opportunity to speak to you on behalf of the Coast Guard Selected Reserve and present our plans for the Coast Guard Reserve Program in fiscal year 1986.

It is my responsibility to provide and maintain a trained force in readiness. To accomplish this, we have three objectives for the Coast Guard Reserve Training Program.

The first is the development and maintenance of a Ready Reserve to meet early response Reserve mobilization and personnel requirements and interim contingency requirements.

Second, to conduct a training program that prepares our reservists for their mobilization, domestic emergency and augmentation assignments.

And third, to provide efficient and effective administration in management of that ongoing training program to accomplish the first two.

Several positive management actions in administering our Reserve Training Program were in effect in 1984. Most significant was the establishment of the Office of Readiness and Reserve within our headquarters structure. In this reorganization the functions of the former Office of Reserve were continued without change.

However, mobilization planning functions were added along with the responsibility to assess the operational readiness of the Coast Guard units, both Active and Reserve, to carry out their various missions.

I believe this organizational change has been most beneficial to the Coast Guard Reserve. Improved coordination of the planning resources available to us has enabled a greater focus on the issue of Reserve sizing and utilization.

Additionally, we have instituted Coast Guard participation with the Department of Defense in their wartime manpower planning system. Our input for the first time will compare Coast Guard's available and projected forces to the personnel requirements derived from a prescribed conflict scenario. Deficiencies or overages will be highlighted and corrective action taken.

Also significant for Coast Guard and Coast Guard Reserve is the establishment of the new Maritime Defense Zone [MDZ]. An agreement last spring between the Secretary of Transportation and the Secretary of the Navy established the MDZ as a mechanism for planning, exercising and, if required, conducting coastal defense.

Under that agreement, the Atlantic and Pacific Coast Guard area commanders, based in New York and San Francisco, respectively, become commanders of the Atlantic and Pacific MDZ's. Their peacetime function would include contingency planning and conducting exercises related to coastal defense. The zone commanders are under direct command of the Navy's fleet commanders and responsible for all matters related to coastal defense.

The MDZ forces, which will be augmented significantly by reservists—both USNR and USCGR—will consist of Active and Reserve personnel from all services as required and will fill a void in effective port, harbor, and coastal defense.

Now, to turn to our plans for 1986, I view it as a year of consolidation in the Reserve training program. To that end there are a number of specific areas that will receive particular attention. Chief among them is the implementation of the MDZ which will require increased training and much greater participation in exercises with the other Armed Forces.

An adjunct to this is to ensure our Coast Guard Reserve forces are properly equipped to carry out their assigned mission.

This, Mr. Chairman, very briefly is the focus of attention for the Coast Guard Reserve Training Program for fiscal year 1986. We have outstanding men and women in our Reserve force. I could regale you with their accomplishments at length this morning. I won't do so.

Suffice to say I am proud to serve with them. They deserve the best leadership and training we can provide. With your continued interest and support, they will receive just that.

I will be happy to submit a prepared statement for the record. I now believe we are all ready for your questions.

[The prepared statement of Admiral McDonough follows:]

PREPARED STATEMENT BY REAR ADM. JOSEPH A. MCDONOUGH, CHIEF OF READINESS AND RESERVE, U.S. COAST GUARD

Mr. Chairman and members of the subcommittee: I am Rear Adm. Joseph A. McDonough, Jr., Chief of the Office of Readiness and Reserve, United States Coast

Guard. I appreciate this opportunity to speak to you today on behalf of the Coast Guard's selected reserve, and present to you our plans for the Coast Guard Reserve Program in fiscal year 1986.

The legislation before this subcommittee requests an average annual end strength of 12,500 in fiscal year 1986. Our intention is to focus existing resources on the quality and scope of training in fiscal year 1986. By way of introduction, let me review for you the mission of the Coast Guard Reserve.

We are, as one of the seven Reserve components of the armed services, a full partner in the organized defense of this Nation. From time to time the issue is raised before you that title 10 U.S. Code, section 262 directs us, "* * * to provide trained units and qualified persons available for active duty in the Armed Forces, in time of war or national emergency and at such other times as the national security requires, * * *" It is my belief that this statement does not express the sense of immediacy of the missions of the Reserve components. It does not address the totality of preparation that precedes the employment of Reserve forces. Our immediate mission, Mr. Chairman, is more accurately the preparation of Reserve forces to augment and sustain the active services in the conduct of their national security missions.

As a frame of reference for understanding the role of the Coast Guard Reserve let me provide you with some background on the overall significance of Coast Guard's role in our Nation's security.

PEACETIME MISSIONS

The Coast Guard's efforts to ensure the safety of maritime transportation are essential to a strong national economy. In particular, Coast Guard aids-to-navigation are used for safe operation of the U.S. Armed Forces around the world. The Coast Guard's Port Safety and Security Programs minimize potential losses of critical military or civilian cargoes as they traverse the Nation's port areas. The everyday presence of Coast Guard patrols in ports and harbors reduces the potential for disruption or destruction by terrorists. Similarly, the routine operations of cutters, small boats and aircraft in the littoral approaches to the U.S. coastline provide an umbrella of surveillance capability. The operations of Coast Guard cutters and aircraft in maritime law enforcement, particularly in the reduction of drug traffic, have immense national security implications, both today * * * and in the event of mobilization.

In the international arena, the Coast Guard's frequent contacts with other nations help establish and maintain communications and improved understanding. Coast Guard training teams, which often include reservists, work to help establish or improve the capability of foreign coast guards and/or navies in many of the developing nations of the world. In 1983, Coast Guard cutters were involved in the search for wreckage of the downed Korean KAL 007 airliner and the return of the crew of an Alaskan fishing vessel seized by the Russians in the Bering Sea. Coast Guard cutters and aircraft were also involved as back-ups in Grenada, and since that time have been helping maintain maritime surveillance, and training local forces so that a peaceful reconstruction of civil government can occur. In 1984, you may recall that the Coast Guard was first to come to the rescue of a disabled United States registered survey vessel drifting into Cuban waters.

WARTIME TRANSITION

Upon transition to a wartime scenario, Coast Guard operations keep pace. There is a significant requirement for a Coast Guard presence at both ends of the sea-lines-of-communications to support the overseas deployment of military forces and their logistical needs. In addition, Coast Guard forces would facilitate the continued flow of maritime traffic carrying cargoes essential to the proper functioning of this Nation's economy and industrial base, as well as those of our many allies. Many of the Coast Guard's peacetime missions have parallels in wartime requirements, and most Coast Guard forces would employ their unique skills and capabilities to satisfy new assignments once transferred to the Department of the Navy.

Examples of the alteration of Coast Guard missions and expansion of forces from peacetime to wartime operations include:

Major cutters involved in law enforcement and drug interdiction become assets of Navy Fleet Commanders for use in the maritime defense zone.

Less sophisticated cutters and aircraft shift emphasis from law enforcement to coastal patrols providing surveillance and interdiction as required.

Guard. I appreciate this opportunity to speak to you today on behalf of the Coast Guard's selected reserve, and present to you our plans for the Coast Guard Reserve Program in fiscal year 1986.

The legislation before this subcommittee requests an average annual end strength of 12,500 in fiscal year 1986. Our intention is to focus existing resources on the quality and scope of training in fiscal year 1986. By way of introduction, let me review for you the mission of the Coast Guard Reserve.

We are, as one of the seven Reserve components of the armed services, a full partner in the organized defense of this Nation. From time to time the issue is raised before you that title 10 U.S. Code, section 262 directs us, "* * * to provide trained units and qualified persons available for active duty in the Armed Forces, in time of war or national emergency and at such other times as the national security requires, * * *" It is my belief that this statement does not express the sense of immediacy of the missions of the Reserve components. It does not address the totality of preparation that precedes the employment of Reserve forces. Our immediate mission, Mr. Chairman, is more accurately the preparation of Reserve forces to augment and sustain the active services in the conduct of their national security missions.

As a frame of reference for understanding the role of the Coast Guard Reserve let me provide you with some background on the overall significance of Coast Guard's role in our Nation's security.

PEACETIME MISSIONS

The Coast Guard's efforts to ensure the safety of maritime transportation are essential to a strong national economy. In particular, Coast Guard aids-to-navigation are used for safe operation of the U.S. Armed Forces around the world. The Coast Guard's Port Safety and Security Programs minimize potential losses of critical military or civilian cargoes as they traverse the Nation's port areas. The everyday presence of Coast Guard patrols in ports and harbors reduces the potential for disruption or destruction by terrorists. Similarly, the routine operations of cutters, small boats and aircraft in the littoral approaches to the U.S. coastline provide an umbrella of surveillance capability. The operations of Coast Guard cutters and aircraft in maritime law enforcement, particularly in the reduction of drug traffic, have immense national security implications, both today * * * and in the event of mobilization.

In the international arena, the Coast Guard's frequent contacts with other nations help establish and maintain communications and improved understanding. Coast Guard training teams, which often include reservists, work to help establish or improve the capability of foreign coast guards and/or navies in many of the developing nations of the world. In 1983, Coast Guard cutters were involved in the search for wreckage of the downed Korean KAL 007 airliner and the return of the crew of an Alaskan fishing vessel seized by the Russians in the Bering Sea. Coast Guard cutters and aircraft were also involved as back-ups in Grenada, and since that time have been helping maintain maritime surveillance, and training local forces so that a peaceful reconstruction of civil government can occur. In 1984, you may recall that the Coast Guard was first to come to the rescue of a disabled United States registered survey vessel drifting into Cuban waters.

WARTIME TRANSITION

Upon transition to a wartime scenario, Coast Guard operations keep pace. There is a significant requirement for a Coast Guard presence at both ends of the sea-lines-of-communications to support the overseas deployment of military forces and their logistical needs. In addition, Coast Guard forces would facilitate the continued flow of maritime traffic carrying cargoes essential to the proper functioning of this Nation's economy and industrial base, as well as those of our many allies. Many of the Coast Guard's peacetime missions have parallels in wartime requirements, and most Coast Guard forces would employ their unique skills and capabilities to satisfy new assignments once transferred to the Department of the Navy.

Examples of the alteration of Coast Guard missions and expansion of forces from peacetime to wartime operations include:

Major cutters involved in law enforcement and drug interdiction become assets of Navy Fleet Commanders for use in the maritime defense zone.

Less sophisticated cutters and aircraft shift emphasis from law enforcement to coastal patrols providing surveillance and interdiction as required.

Search-and-rescue as a mission takes on new overtones as emphasis shifts from private and commercial vessels in distress to damaged naval and merchant vessels and support of naval operations.

The Aids-To-Navigation and Merchant Vessel Safety Programs, including certification and licensing of crews, take on new importance as safe navigation and operation of vessels become vulnerable during the crisis environment of rapid deployment, increased traffic and the expected effort to "cut corners" to speed up operations.

Port safety and security expand many times over as increased emphasis is placed on preventing the disruption of maritime traffic in U.S. ports, through either accident or intentional efforts of our adversaries. Continuation of this maritime traffic is essential to support overseas deployment and resupply of military forces and to sustain our national economy and our wartime industrial base.

The newly established U.S. maritime defense zone commanders, responsible for the coastal defense of the United States within the Atlantic and Pacific Fleet command organizations, will provide a logical focal point for naval and Coast Guard operations in the littoral regions of the United States.

Also, some Coast Guard missions will have applicability in overseas theaters of operations, protecting the landing/trans-shipping of equipment and supplies or supporting naval operations, and providing for safe navigation.

It is in this expansion of Coast Guard forces upon transition from a peacetime to wartime setting that the Coast Guard Reserve plays its vital role. Most of the Coast Guard's Selected Reserve units are organized and trained to provide an almost tenfold increase in port security forces with boat crews, shoreside port security teams, and associated command, control, and support elements. Other Coast Guard Reserve units provide the augmentation personnel required to bring Coast Guard cutters to their full wartime complement, so that they are able to sustain high-tempo, naval warfare operations. Some units provide essential skilled personnel to flesh out command and control staffs, and provide logistics and maintenance support for operational units involved in the immediately increased activities. Other units provide personnel needed to begin the expansion of the training and logistics support base necessary for sustained wartime operations. In addition, Coast Guard Reserve forces are tasked in various unified command contingency plans for operations at home and overseas. It becomes my responsibility then, in light of the Coast Guard's statutory responsibility, to provide and maintain a trained force in readiness. Simply stated, we have three objectives for the coast guard reserve training program:

Strength.—First: The development and maintenance of a ready reserve to meet early response reserve mobilization personnel requirements and interim contingency requirements;

Training.—Second: To conduct a training program that prepares reservists for their mobilization, domestic emergency and augmentation assignments; and

Administration.—Third: To provide efficient and effective administration and management of our ongoing Reserve Training Program.

Since 1979 we have been embarked upon a program to provide for a Coast Guard Selected Reserve appropriately sized to ensure our capability to meet our minimum early response mobilization requirements. Our progress in this effort is reflected in the increases from 11,700 in fiscal year 1981 to 12,000 in fiscal year 1982 and to our present authorized Selected Reserve strength of 12,500 in fiscal year 1985.

Over that same period of time we have focused management attention upon the quality of training within the Reserve Program. We have dedicated resources to the systematic development of formal training courses, the embedment of Reserve schools with Active Service schools, and the modernization of Reserve training facilities. Emphasis has been placed on improving course practicality and curriculum standardization. Afloat training has been evaluated for potential enhancement through selective use of ships of opportunity performing active Coast Guard missions. Augmentation activities have been directed to a greater reserve involvement in, and contribution to, peacetime Coast Guard missions * * * with the qualifying criterion that such training duty will enhance skills required in the individual reservist's mobilization billet. Greater emphasis has been placed on the collocation of Reserve units with Active Coast Guard units whenever possible. The key, however, must remain the Coast Guard's ability to meet the Navy/JCS tasking for mobilization. That is the only justification for the maintenance of any Reserve organization.

Program activity in fiscal year 1984.—Let me once again use the three areas of strength, training and administration to relate to you what transpired in the Coast Guard Reserve in fiscal year 1984.

Strength.—My predecessor conveyed to you that we were in the process of reviewing Coast Guard mobilization plans to ensure they were current and responsive.

This past year has been spent in an intensive revalidation of our planning procedures, tasking and assumptions. Significant work has been done in identifying the total mobilization requirements of the Coast Guard and our planning is completed. In the mean time we are experiencing some success in our Coast Guard Reserve strength objectives. During fiscal year 1984 we attained an average annual Selected Reserve strength of 12,317 which was 103 percent of our authorized floor of 12,000. As a result, I have every confidence that we will easily achieve our new fiscal year 1985 Selected Reserve authorized strength of 12,500.

I would like to offer the subcommittee some illuminating examples of the diversity of peacetime activities in which our Coast Guard reservists participate. Each has a direct relationship to the skills required of them upon mobilization. These representative fiscal year 1984 accomplishments include:

(1) Participation in an emergency response to the coastal freighter MV *Blue Magpie* when she ran around near Newport, Oregon. In that instance, reservists assisted in the containment and cleanup of 85,000 gallons of fuel oil and 9,000 gallons of diesel fuel—averting significant damage to the environment.

(2) In New Orleans, 50 reservists participated in round-the-clock safety and security patrols on the Mississippi River during the Louisiana World Exposition;

(3) In Los Angeles, 300 reservists were a critical part of the Coast Guard Waterfront Safety and Security Forces for the summer Olympics;

(4) Operation Summerstock, the program in which reservists augment search and rescue stations on the Great Lakes, completed its 12th consecutive year with 59 reservists performing over 6,535 days of active duty; and

(5) About 80 reservists provided waterside security patrol at each of NASA's five scheduled space shuttle launches from Cape Canaveral, Florida. These security zones are designed to protect each shuttle launch from potential disruption and to ensure the safety of civilians in the vicinity.

For this latter activity, the Coast Guard Reserve is the primary source of personnel for establishing waterside security zones. Uniquely, it is our active force that is called upon to backfill vacancies that may occur if launch delays require reservists to return to their civilian occupations. These activities are representative of Coast Guard Reserve augmentation of active service peacetime missions amounting to over 1.6 million duty hours in fiscal year 1984.

Training.—I just referred to the Coast Guard Reserve's augmentation of our active force. As the 1.6 million hours of augmentation suggest, this is an important facet of our Reserve Training Program. It is on-the-job training in required mobilization skills. This training mode is targeted at 65 percent of available training time, both during inactive duty training (drills) and active duty for training. It provides valuable hands-on experience for reservists who simultaneously become an additional resource for the Active Coast Guard both in routine operations and in emergencies. It is not unusual to find active service units with seasonal workloads staffed almost entirely by reservists at times during those peakload operations (such as Operation Summerstock mentioned earlier).

The complement to augmentation training is our formal training program conducted mainly at two locations: Yorktown, Virginia and Alameda, California. With our major mission orientation in the area of port security, the primary emphasis is on training in related skills such as boatswain's mate, engineman, boat crew qualifications, small-arms, and explosives loading. Perhaps the best example of our response to formal training needs in fiscal year 1984 is in explosives loading. During a major military operation, upon mobilization reservists provide the bulk of personnel to assure the safe handling of military explosives. Until 1984, training for this task had been conducted at Coast Guard Port Safety Station, Concord, California, where actual cargo operations had provided practical experience. However, the dramatic post-Vietnam decrease in west coast outloading rendered continued training at Concord impractical. The proximity of our Reserve Training Center at Yorktown, Virginia, to the Navy's Combat Stevedores at the Cheatham Annex, Virginia and the Army Transportation Center, Fort Eustis, Virginia, provided the unique opportunity to forge a new course of instruction. A formal course there would afford not only the needed training in explosives loading supervision, but the added advantage of interplay with those elements of the Army and Navy with whom we will be working upon mobilization. Consequently, in fiscal year 1984 a resident training course for explosives loading supervision was established at Coast Guard Reserve Training Center, Yorktown, Virginia. The first class convening was in December 1984. This new course of instruction has either authentic merchant ships or full-scale land mock-ups available for training. This implementation is representative of an extensive evaluation and re-write of several qualification tasks and course curricula initiated in fiscal year 1984—conducted in large part by reservists on special active duty for training.

Administration.—Several positive management actions in administering our Reserve Training Program were effected in fiscal year 1984. Most significant was the establishment of the Office of Readiness and Reserve within our headquarter's structure. In this reorganization, the functions of the former Office of Reserve continued without change, but wartime planning and mobilization resources and responsibilities were added. I, as chief of the new office, am now dual-hatted with the deputies for the Reserve and Readiness Programs responsive to me. I believe that this organizational change has been most beneficial to the Coast Guard Reserve. Improved coordination of the planning resources available to us has enabled a greater focus on the issues of Reserve sizing and utilization.

At the same time, we have initiated Coast Guard participation with the Department of Defense in their Wartime Manpower Planning System (Warmaps). Our input will compare Coast Guard's available and projected forces to the personnel requirements derived from a prescribed conflict scenario. Deficiencies or overages will be highlighted for corrective action.

Also, significant for Coast Guard and Coast Guard Reserve is the establishment of the new Maritime Defense Zone (MDZ). An agreement last spring between the Secretary of Transportation and the Secretary of the Navy established the MDZ as a mechanism for planning, exercising and, if required, conducting coastal defense. Under that agreement, the Atlantic and Pacific Coast Guard Area Commanders, based in New York and San Francisco respectively, become commanders of the Atlantic and Pacific MDZ's. Their peacetime functions would include contingency planning and conducting exercises related to coastal defense. The zone commanders are under direct command of the Navy's Fleet Commanders and responsible for all matters related to coastal defense. The MDZ forces, which will be augmented significantly by reservists * * * both USNR and US CGR * * * will consist of Active and Reserve personnel from all services as required and will fill a void in effective port, harbor, and coastal defense.

A final accomplishment worthy of note is the culmination of five years of effort to change a statute (37 U.S.C. 402) to provide commuted rations for enlisted reservists. As a result of this change, the 800 plus Coast Guard reservists who perform drills remote from their parent activities will no longer have to pay for meals out of their own pockets.

FISCAL YEAR 1986

Let me now turn to our plans for fiscal year 1986. As noted earlier, we have not asked for an increase in Selected Reserve strength. I view fiscal year 1986 as a year of consolidation in the Reserve Training Program. I have detailed for you some significant accomplishments of our reservists in fiscal year 1984. These are clearly reflective of the high caliber of personnel serving in the Coast Guard Reserve. In return for their dedicated professionalism it is incumbent upon me to ensure that they receive the very best training available.

Implementation of the MDZ's will require increased training and much greater participation in exercises with the other armed services. An adjunct to this is to ensure that our Coast Guard Reserve forces are properly equipped to carry out their assigned missions.

These, Mr. Chairman, very briefly, are the areas that will be the focus of attention for the Coast Guard Reserve Training Program in fiscal year 1986. I stated earlier that it is a year of consolidation. We have outstanding men and women in our Reserve. I could regale you with their accomplishments at length. Suffice it to say I am proud to serve with them. They are deserving of the best leadership and training we can provide. With your continued interest and support they will receive just that.

Thank you again for this opportunity to appear before the subcommittee. I will be pleased to answer any questions you may have.

Senator **Wilson**. Thank you very much, Admiral.

We will accept all the written statements, as indicated earlier, for the record.

We are grateful to you all for your appearance.

Before we proceed to the questions, I would like to recognize the distinguished senior Senator from South Carolina, Senator Thurmond, who is well known and highly regarded for a variety of reasons, one of which is his longstanding, keen interest in the affairs of the Guard and Reserve.

Senator Thurmond, do you have a statement you would like to make?

Senator **Thurmond**. Thank you, Mr. Chairman.

I won't take but just a minute.

I want to congratulate you gentlemen for your dedication and hard work in behalf of our country and all that you are doing for the Guard and Reserve. I want to urge you to contend for proper training and proper equipment for all the Guard and Reserve.

Now, I have been up here for 30 years and it has been a fight all these years to get for the Guard and Reserve what I feel is important. Now, why is it important?

In World War II, 92 percent of the soldiers who served were citizen soldiers. We are not able to maintain a large standing force or didn't do it and we are not doing it now. If we had a war, the Active Force just couldn't handle it. I don't know what would happen to this country if we didn't have the Guard and Reserve.

You may not realize the important place that you occupy in the history of this country. In the case of war, the large bulk of the soldiers eventually will have to come from your segments, the Guard and Reserve.

So, I just want to urge you to be aggressive in seeing that we do maintain a strong Reserve and a strong Guard. To have a strong Reserve and a strong Guard you have to have training, you have to have equipment, you have to have direction and supervision and the inspiration and motivation.

If you do that, you will render a tremendous service to your country. You occupy great responsible positions and I wish you well in your work.

Senator **Wilson**. Thank you very much, Senator Thurmond.

Gentlemen, the Reserves and the National Guard have been asked to assume a greater share of the burden of national defense. They are expected to carry out many missions that were once performed by the Active Forces. It seems reasonable to assume that that trend may continue, but I think that we need to be realistic about what constraints may exist upon the ability to continue giving to the Reserve components the roles which were formerly Active unit roles.

In your view, stated as succinctly as you can, mindful of the lateness of the hour, what are the constraints that each of you would face in your Reserve or Guard components with regard to accepting some enlargement of your role, some additional missions?

General Walker?

General **Walker**. Senator Wilson, I must say, as I said in my opening statement, I feel that the Guard can accomplish any mission for which we are properly resourced. Certainly I can't endorse cutting a mission from the Active component that will in any way affect the Active's response time.

We just can't allow, in my judgment, the imbalance of forces between our components. Certainly we will need leadtime as we assume more missions. We are going to need the proper leadtime to be able to assume those missions and be ready to accomplish them.

I have to say, Senator, there is a plateau that one of these days we are going to reach. We are not there yet. I am not smart enough to know where that plateau is and the amount of structure we can accept, the amount of time we can ask our reservists to give toward training for these missions.

I just hope that when we reach this plateau that we are smart enough to recognize it. We are already programmed to assume more missions, both in the Army and in the Air Guard. General Temple and General Conaway can provide the specifics for the Army and Air Guard, but both are programmed to assume more missions.

I think those are the things we must consider.

Senator **WILSON**. As we call on the panel here, let me ask if, in addressing the constraints on accepting any enlargement of your role, you would in the same testimony address the subject of what you think to be the most significant single problem faced by your particular component.

Also, if you would focus on the aspect of whether or not it is a problem that requires legislative remedy.

General **WALKER**. I would like to repeat, sir, what I said in my opening statement. The biggest problem I see us facing in the Guard, Army and Air, in the future is that of family and employer support and support of the general public. As we reach out to get 499,000 in the Army National Guard and 120,000 in the Air National Guard, we simply must have their support.

This will take, in my judgment, the help of the leadership of this Nation, including you, sir, as we talk to our people across this country, letting them know the importance of the role played by the Reserve components in the defense of this country.

Until the general public and families and employers realize this, we are going to continue to have problems.

General **TEMPLE**. Sir, obviously, the greatest restraint would be people. Keep in mind that the Army National Guard is the largest of the Reserve components, presently over 430,000 personnel, which represents approximately the 8th to 10th largest army in the world. It grows in the outyears to nearly 500,000 by the end of this decade.

We must have the ability to attract people in the Army National Guard and keep them there and the benefit package is designed to do that. It is equally important that you have equipment to train the soldier you have and that means the kind of equipment with which you can fight. You have to have it available so that you can take it to war with you.

If you train with it, you have to have the support, spare parts, fuel, et cetera, to keep it operational, both for training and to be prepared to fight. Ammunition is another requirement for training and going to war.

The Army National Guard is a combat-oriented organization and the ability to keep the individual soldiers and crews trained requires expenditures of high quantities of ammunition and repair parts to keep our equipment effective.

In addition to that, we need training opportunities. If you expect a soldier to fight in Europe where it is likely he will have to fight, or if we expect him to fight in Southeast Asia or Northeast Asia, he needs an opportunity from time to time to become familiar with the kind of terrain on which he will fight and the environmental aspects.

Because time is of the essence, we need to train as close to his home as possible, especially during weekend training. We need training areas close to the armory or assembly area where we can get the maximum benefit out of the relatively short period of time that we have our soldiers under our control and are responsible for their training.

I think those are from my perspective, the kinds of constraints that we face today and, as a matter of fact, the kind of constraints we have faced in the past. We are beginning to see an opportunity now through the variety of programs outlined in my record statement to come to grips with those.

The National Guard has made significant strides over the past few years in meeting combat capabilities.

READINESS OF CURRENT FORCE

General **Berkman**. Mr. Chairman, my concern is the readiness of the current force. Although we are making significant progress, the two principal detractors to readiness are personnel and equipment, although in connection with personnel, 84 percent of our units have achieved their authorized strength and that compares with a figure in 1980 of only 56 percent.

Ingredients of readiness, as has already been indicated, are factors such as personnel, equipment, training, and ability to mobilize. We are making progress in all those areas. The Army reservists are currently contributing almost 40 percent of the Army's required structure in the tactical support increment. That is the combat service, combat service support units required by the Army as part of its total balanced force.

In addition, the Army Reserve provides over 20 percent of the total Army's general support forces. So, the Army Reserve's contribution will be critical in the event of mobilization for the training base, the transportation base, and the medical base.

The units that currently structured to come into the Army Reserve are in those areas, i.e., tactical support and general support forces such as the intelligence aviation and chemical defense units. To the extent that they are the kind of units that are compatible with the reserve environment, and have individual skills that are compatible with comparable civilian skills, this kind of structure can be very helpful in the Army Reserve's achieving progress toward its readiness goals.

With respect to your question about what kind of legislation is required to continue to support this part of the Army Reserve, I would just like to emphasize the importance of Selected Reserve incentive packages, bonuses and reenlistment bonuses that provide us with the ability to target and attract the kinds of people that we need in these very important units.

Thank you.

Senator **Wilson**. Admiral Kempf?

Admiral **Kempf**. Mr. Chairman, as Dr. Korb and Mr. Webb both indicated, I think from the Navy's standpoint, it is our forward

I would caution that although we are meeting our strength today, I do think that the new GI bill plus the small amount of incentives are needed. We target the incentives to our critical skills such as avionics, munitions, and engine mechanics.

We are talking of a very large Air Force here, the fifth or sixth largest in the world today. For a program of about $6 to $8 million in incentive bonuses, enlistment and reenlistment bonuses and $12 million for the GI bill, we are right at $20 million for our entire program for the 111,000 personnel we are asking.

We need the incentives and we would be constrained if we don't get them.

In addition, we are not asking for new flags or to open new units for the Air National Guard. However, the Air Force asks us to do more. We say it is not cost effective considering the deficit in this country to open new flights and new bases for the Air National Guard. Let us robust our existing units.

At March Air Force Base we will go from 18 to 24 F-4's. That is a cost-effective increase in combat capability of 25 percent.

We want to increase C-130 units with 8 aircraft, to 10, 12, or 14 aircraft. We are working this with the Air Force Reserve and the Active Air Force.

Our significant problem is the average age of our Air National Guard aircraft. Long range it may be people. Right now our aircraft average 17 years of age. For fighter aircraft in the Air Force we like to keep the age around 10 years. As we pass the 12 to 14 years, the margin of survivability in a wartime environment becomes a problem.

Unless those older aircraft are enhanced, we run into structural problems and fatigue problems with F-4's and F-106's. The Air Force is doing its best with the fighters being procured.

We actually need more fighters procured for our total Air Force, and they are doing a great job with what they have. Your support for their procurement of fighters is needed or the Air National Guard suffers greatly to that extent. That is our problem.

Senator WILSON. General Gill?

General GILL. Thank you, Mr. Chairman.

I think most of our problems are pretty much the same as the Air National Guard has. Our plate also is fairly full. This year is the biggest build we have ever had in the Air Force Reserve of 4,500. We have some larger builds through the FYDP.

I am sure there are some modest increases that could be done. I agree with my colleague in the Air National Guard that the way to do that is by robusting. That is the most cost-effective way and I think that is the way it should be done.

One thing that I think would help us is a program of enlistment bonuses for prior service people. In the critical skill area we really need a prior service enlistment bonus for those people in those hard-to-fill skills. I think that would help considerably in filling some of those positions.

We are doing well, but right now there is no way to bring on board, say, a radar expert or avionics type man and give a prior service enlistment bonus, although we can give enlistment bonuses to nonprior, we have no way to attract that already trained prior serviceman.

The other area, I would certainly have to say is the equipment. The average age of the aircraft in the Air Force Reserve is slightly older than in the Air National Guard. That certainly is a problem.

We do have some modernization built into the program, but we are hardly keeping pace. That average age is not getting any less.

Another one that concerns me is getting the proper full-time training people onboard to do the training that is necessary for the reservists. Where the Air National Guard is about 25 percent, we run somewhere in the neighborhood of 16 percent full time. All of mine are full-time technicians.

One of the things that certainly hurts sometimes is when a civilian ceiling gets put on and then we are not able to get our technician strengths that are needed on the full-time side to train the Reserves. If you are going to continually put more programs from the Active Force into the Guard and Reserve, the full-time technicians that are necessary to do that training job have to be there.

That is all I have.

Senator **Wilson**. Go ahead, General Went.

BALANCE NEEDED BETWEEN ACTIVE AND RESERVE FORCES

General **Went**. Sir, I submit that what we need is a balance between our Active and our Reserve forces. We consider the Active and Reserve capability together to give us a total capability. I think we are probably in proper balance now.

I think to subtract from the Active and add to the Reserve may give us lesser capability. That doesn't mean the Marines would rule out looking at some other possible shifts, but we certainly would proceed very cautiously in doing that.

If we look at our current program, we would expect to achieve full Reserve capability by 1990. We think we will be there by 1988 in equipment. We think it will take us until about 1990 to get our Reserve division, wing and force service support group up to full strength.

So, as the term has been used, our plate is full and our requirement is really to work on that structure which we currently have without thinking too much about adding to it.

On your question regarding single greatest problem, I would say our biggest challenge is recruiting, training, and retaining the reservists that we need. That comes partly because of the modern weapon systems that require technical training. Second, the sophisticated threat that we face, and finally the growth in the Individual Ready Reserve that comes with increased service obligation from 6 to 8 years. We see a tremendous growth in the Individual Ready Reserve and the requirement to refresh and train those individuals so that those skills don't atrophy. To keep a ready reserve in the future, we have a challenge in the training field.

Finally, I would say in our equipment, we are moving well on the ground equipment. We will be there by 1988 for what we need.

Our aircraft inventory is rapidly aging, and something needs to be done to move that along a little more quickly.

Thank you, sir.

Senator **Wilson**. Admiral McDonough?

Admiral McDonough. Mr. Chairman, I think General Went commented on the balance. We are out of balance now. There are no Coast Guard missions exclusively performed by the Coast Guard Reserve.

Basically, they augment Active Forces, Active units, in a mobilization situation in order to enable us to maintain the increased tempo of operations that confront us, also plus some deployment overseas.

Basically, our authorized strength is our constraint right now. General Temple mentioned the Army Guard would approach 96 percent of the requirement shortly. Our figure is 53 percent right now. We really would need an additional force to meet our established requirement.

Coupled along with those, of course, would be the need to have funding to conduct the operational training primarily in the form of exercises which we see increasing with the multiservice exercise mode.

Also, of course, the equipment is not in mere terms of ships or aircraft, more in the case of communications equipment, radios, small boats and protective clothing, and that type of thing.

Thank you, sir.

Senator Wilson. Thank you, Admiral.

Gentlemen, you have all been pretty consistent in supporting continuation of the various devices, the benefits, the tools that assist you in enlistment and reenlistment.

Let me ask, and you need not all respond. If one or two can respond satisfactorily for the others, that will suffice. We are running out of time.

The question that I asked Secretary Korb and Secretary Webb with regard to what seems to some to be an inequity existing in conferring the same benefits upon the Reserve that is enjoyed by Active duty personnel. That is something I would like to pursue with you.

What is your comment on that?

General Temple. I heard the comment principally by Senator Glenn. What he termed a good deal in reality may not be such a good deal, particularly for the people involved, the program. We have to go back to that.

The purpose of the AGR program is to increase the fighting capability of our units. That is what we are striving to do. I suggest that if you talked to an Active component commander, he would bring to your attention one of his greatest detriments is turbulence, the fact that the people he trains this year in 1 or 2 years will be gone.

That is what we are trying to overcome by keeping the soldiers, who are essentially AGR people, in the unit to develop the cohesion of those units.

As a matter of fact, we have a program for the Army National Guard that prescribes the very same training that the Active component soldiers receive will be received by the members of the AGR force.

We need your continued support in causing that to come to fruition because it is through that training that we will assure you and the leadership of the U.S. Army that the professionalism of the full-time force will equal that of any full-time force in any of the armed services throughout the free world.

Now, insofar as ensuring that they have an opportunity to receive the same intensified training and at the tempo which is attributed to the Active components, we have several programs to achieve that. I referred to one in my opening statement when I talked about the fact we have units training in Central America at the present time at a high degree of skill and tempo requirements.

In addition to that, as I pointed out to you, we have what we call the Key Personnel Upgrade Program. We send individuals to Active component units—many of those are AGR personnel—to hone their skills. They performed the same skills as Active component personnel, sometimes alongside and sometimes as a replacement for an Active component soldier.

Of course, we don't do it in the overseas locations for the same amount of time, but you are an infantry man, you know the amount of time spent in foxhole training is sometimes constrained by a number of external factors.

The idea is to give as much effective tactical training to the soldier as we can. That is what we are trying to do, so that for the few hours we have the part-time soldier we get maximum benefit from him.

Also part of our full-time program is that as the individual reaches 20 years of Active service, he is separated from the AGR program. He has achieved minimum retirement, leaves the force, keeping a constant evolution of young people in the program. Active force personnel can stay in service beyond 20 years.

What about mobility? If he stays in the local community, the opportunity for career enhancement is not always there. He may find that it is not an incentive to him to remain in the program if he is required to move.

I might offer the observation that the statement that all overseas tours are hardship tours is simply not correct. We have units in locations within the continental United States which I suspect have equally as much hardship as you will find in places in Europe, perhaps in the Far East, and so forth.

Essentially, in my view, the AGR program is structured effectively. What we need is continued emphasis on assuring that the professionalism of the people who meet the demands of that program is sustained and enhanced in the years to come.

General CONAWAY. From the air side we have AGR's as does the Army Reserve. It is a very vital program. I maintain that 75 percent of our full-time people should be technicians and 25 percent should be AGR's. These people are not just at home but are available for world-wide duty.

The Air National Guard is all over the world today supporting the Air Force. Some people are TDY so much of the year that it is getting rather high with 2, 3, 4 or 6 months a year TDY supporting the Air Force in Panama, Europe, the Far East and the Mideast. We are supporting the Air Force with both tankers and fighters.

AGR's work longer hours. They are flying 7 days a week. The degree of devotion is fantastic as evidenced by the alert commitment they have.

Benefitwise the GI bill is at a slightly lesser rate for Guard and Reserve than is needed. Our enlistment and reenlistment bonuses are at a lesser rate. You get an avionics expert for 6 years for that small enlistment bonus.

General **Berkman**. If I may, with respect to AGR personnel of the Army Reserve, let me point out, that retirement is not assured; but it is important that there be a career program that permits an individual to reach retirement in order to retain the people you need.

The other point is that Army Reserve AGR personnel, are subject to assignment anyplace where there may be an Army Reserve unit, not just in the hometown, but anyplace in the United States or overseas where there are Reserve units.

General **Walker**. Mr. Chairman, I heard said here this morning that without large increases in full-time people we could not obtain readiness. I don't agree with that. The degree of readiness and the time it takes to attain readiness does depend on the number of full-time people we have and certainly we support increases in full-time people.

Let it not be said that we can't attain same readiness without large increases in full-time people.

Senator **Wilson**. General Gill.

General **Gill**. I would like to say within the Air Force Reserve, because I am located on Active base for the most part, I elected not to go with the AGR program. So, I have nothing but military technicians, Air Reserve technicians.

My reason for that was to avoid flying side by side in the same type of equipment and being paid on the same basis as the Active Force, but not being required to PCS. So, for that reason, I went with full-time technicians.

The Air National Guard is not on a lot of Active installations like we are. I stayed strictly with military technicians. I have no AGR's in the Air Force Reserve.

Admiral **Kempf**. Sir, the Navy is different from all the other services in that our TAR's are more Active duty. We don't have technicians, TAR's do not stay in one location, they are subject to permanent changes of station (PCS) just as are the members of the Navy's Active Force.

Their uniqueness is that they are experts in Reserve management. I feel they are a vital part of management of the Reserve. I would hate to give them up. The only thing they do not do is deploy as often as active force personnel.

Our Reserve ships are going to sea just as much as our Active ships now in the training mode. In some cases they have to go to sea more in order to give the different reservists their time to train at sea.

The budget that is before you includes a request, to pay the TAR's a selective reenlistment bonus. They get no bonus now. There is a difference between the TAR and USN enlisted personnel.

We would propose to initially pay them only 50 percent of what the Active Force USN sailor gets for a selective reenlistment bonus. We are only able to do that for our four top critical skills, although we are short a total of 12 critical skills.

SUMMER SERVICE FOR GUARD AND RESERVE

We are trying to hold the bonus level down. We are not going to be able to maintain our NRF ships with full-time people if we don't have this incentive. TAR duty is less and less a good deal. They are working as hard as any of their Regular Navy counterparts.

Senator WILSON. One thing I would like to pursue with you and perhaps we can do it for the record. That is the extent to which you are receiving employer cooperation in encouraging reservists and members of the Guard to participate, particularly with respect to any kind of extended duty beyond the normal 2 weeks' summer service.

I would appreciate it if you would also include in that percentage of all employers, a break down between civilian and public employers who actually continue the regular salary of the reservist or guardsman when he is away from his employment.

General Temple and General Berkman, a question about the readiness of the Guard and Reserve.

Has most of the growth in your component personnel, personnel strength been directed toward the expansion of your force structure or toward the increasing demand levels?

General TEMPLE. I am not sure I understand the question, Senator.

Senator WILSON. Are you filling out the units or are you increasing it with a lesser level of manning?

General TEMPLE. We are filling out the units in every instance where we can and in some cases we have new units coming into the National Guard.

Over a period of time we will be filling those out. As you know, the ability to fill them to full strength in the near term is constrained by time and one that takes some time to achieve.

In response to your question, we are filling units where we can, keeping in mind that geographical influences are important.

Second, we are getting new units into the Army National Guard which requires us to start with no resources or very few resources in some instances.

General BERKMAN. Mr. Chairman, there are additional units going into the Army Reserve. Much of the growth is in filling the existing units.

As a matter of fact, the Army has instituted an individuals account which now permits us to go to 110 percent of authorized strength in order to accommodate those individuals who are in the training pipeline awaiting training, so that we can more nearly achieve the goal that was articulated by Secretary Webb of 85 to 90 percent trained in unit strength. There is significant growth that is going to the existing structure.

SEA/AIR MARINER PROGRAM

Senator WILSON. Admiral Kempf, a question about the Sea/Air Mariner Program.

I understand that the naval training establishment may not be large enough to accommodate the 10,000-per-year nonprior service personnel you are seeking to bring in under the Sea/Air Mariner Program.

Had the Navy foreseen the potential training problem when it initiated this program and how are you actually going about it?

My information is that your regular schools are being employed in this and they are greatly stressed by it.

You might add whether you are making any use of civilian vocational and technical schools.

Admiral **Kempf**. Yes, sir. The 10,000, I assume you are talking about our Sea, Air Mariner Accessions, an A school. Not all of the 10,000 go to an A school.

Our biggest school shortages are in medical and in the construction battalion ratings. We have just gotten approval to go to a VOTECH, vocational technical training, situation for both medical and the Seabee ratings; so when we get those programs implemented, there will probably be over 7,000 of the 10,000 that will go to some kind of vocational school or an A school training. The others will get regular apprenticeship training.

Perhaps they don't have the GCT to go to an A school. If they prove themselves, we will send them back to an A school later on. We feel that there is a problem there. We have addressed it, and the answer is VOTECH.

One of the problems is that we are going to advise our young men to use their GI bill to help fund VOTECH because the educational assistance program, of course, as we knew it before is not going to be available to us. It may have to come from the GI bill.

We think that VOTECH training will work and we are optimistic that it is the answer to training the people that we need trained.

Senator **Wilson**. Thank you very much.

Gentlemen, I have kept you about 5 minutes later than I had intended to do. I am grateful for your appearance here this morning and for the participation that we have had.

Let me announce that at the request of the Reserve Officers Association, the record will be kept open to permit a written statement to be received from the association. The record will be open until March 19 for the submission of any statements for the record from any other interested organizations as well.

[The prepared statement submitted by Lt. Gen. LaVern E. Weber, executive director of the National Guard Association of the United States follows:]

Prepared Statement by Lt. Gen. LaVern E. Weber (Retired), Executive Director of the National Guard Association of the United States

Mr. Chairman and members of the subcommittee, I appreciate this opportunity to present the views of the National Guard Association of the United States on the readiness of the Army and Air National Guard.

Your National Guard has never been more important to this Nation than it is today. With the initiation of the Total Force policy nearly 15 years ago, in the Summer of 1970, Guard and Reserve forces moved into a new era in terms of a role in the U.S. national strategy.

Today, the Guard and Reserve is counted upon as a full partner in the Total Force. The current national strategy envisions that in a moment of crisis for our country, the Army National Guard and the Air National Guard will have their units "on the line" alongside active counterparts in a matter of days after mobilization.

The Total Force Policy, which has been characterized by the phrase "increased reliance on the Guard and Reserve," is aptly illustrated in several ways. First, there is the fact that today eight of the combat divisions of the Active Army contain Army

Guard combat brigades and/or combat battalions within the division's peacetime structure.

Second, the U.S. Air Force cannot accomplish its peacetime mission without the active participation of the Air National Guard. In looking at a possible wartime situation, it should be remembered that 68% of the air defense interceptors and 70% of the combat communications units—to use but two illustrations—are provided by the Air Guard.

Army and Air National Guard units are tasked in war plans developed in response to defense strategy directed by our national command authorities. In short, this nation absolutely requires a well-equipped and well-trained National Guard, if it is to be fully capable of fighting and winning in any future conflict.

In order for the National Guard to meet all of its wartime deployment objectives, it must be manned, equipped, trained and properly led. Transportation assets needed for overseas deployment of the Total Force must be available. If any of these requirements are neglected, the wartime capability and reliability of the Total Force will suffer. Increased personnel manning, an influx of new equipment, and intensified training demands are all the consequence of increased readiness requirements placed on National Guard units.

NGAUS PROPOSALS

The 1984-85 Position Statement of the National Guard Association of the United States and our Goals and Objectives are attached.

The National Guard Association fully supports the President's Budget. However, to ensure the readiness of the National Guard to meet its deployment objectives, we ask your consideration of the following items:

Manpower

Although equipment, training, and facilities are essential, the most-important factor in Army and Air Guard readiness is probably the ability to recruit and retain the required number of qualified personnel. This will become a more difficult task as the manpower pool of the nation continues to diminish, and could be further impacted by a recent reduction in popularity, among service-aged males, of military service as indicated in the latest annual survey on youth attitudes.

At the end of fiscal year 1984, the ARNG had attained a strength of 434,000 and the ANG had achieved an end strength of 105,000. Each of those figures represent a level approximately 1,000 over the programmed end strength for the year. What the figures do not show is the great difficulty each component encountered in reaching their goals, with both several thousand short at the end of the third quarter of the fiscal year. It is significant to note that the Guard and the Air Force Reserve were the only Reserve Components to reach their programmed end strength in fiscal year 1984. With programmed growth of over 16,000 in the Army Guard and almost 6,000 in the Air Guard by fiscal year 1986, and continued growth through fiscal year 90, the effectiveness of recruiting and retention efforts become increasingly critical. Recent improvements in Active Service retention rates can also be expected to affect the manpower pool available to Guard and Reserve forces.

The new GI bill Educational Assistance Program for the Selected Reserve, which is to begin on 1 July 1985, should prove to be a valuable incentive for across-the-board recruitment and retention, provided several needed changes are made. Legislation has been introduced in the House (H.R. 886) to expand the educational program options, including high tech training; to provide an extended time period for part-time education; and to start the program prior to July 1, 1985. The National Guard Association strongly supports each of these changes, and, in addition, urges that the program be made permanent as quickly as the test results support such action. The temporary status of any such program tends to diminish its positive effect due to the impact on the ability of an individual to make long-range plans and goals. Both the recruiter and the recruit are forced to make decisions based on assumptions and arbitrary deadlines.

While the new GI bill will help, the current Selected Reserve Incentive Program has been extremely effective in providing targeted incentives to recruit and retain personnel in critical skills and in specified high priority units. We believe it is essential that the targeted bonus programs be continued if the programmed growth in the Army and Air National Guard is to be attained. As with the GI bill, authorization for enlistment and reenlistment bonuses should be made permanent entitlement programs in law, rather than be dependent on periodic approval of authority and annual appropriation of funds. The National Guard Associations supports the proposal that the cost effectiveness and efficiency of all recruiting resources and incentive programs should be examined. Those that prove to be effective should be made permanent. In the interim, we urge extension of authorization for the Selected Reserve Incentive Program and approval of the funding requested in the fiscal year 1986 budget.

Due to the critical shortage of health care professionals and its potential impact on initial warfighting capability, the National Guard Association also fully supports immediate approval of legislation (H.R. 1498) to improve recruiting and retention in this area. The programmed growth of medical units in the Guard and Reserves is difficult to attain without an added incentive program.

Full-time support

In addition to the Selected Reserve manpower requirements of the Army and Air National Guard, there is a growing requirement for full-time support personnel, essential to the production of combat readiness. These personnel perform those day-to-day functions which must be accomplished if a unit is to be effective during peacetime, i.e., personnel administration, supply accounting, and maintenance of equipment and support facilities which are essential to the training of Guard personnel. If a unit is to make maximum utilization of its limited training time, full-time personnel must be available to plan for, support, and participate in unit training sessions.

The Army and Air National Guard have a mix of technician and Active Guard/Reserve (AGR) personnel. While the proper mix, and comparative cost effectiveness, of the two categories continues to be reviewed, there is a recognized requirement for additional full-time personnel. The shortage is especially critical in the Army National Guard, where increased strength, new units, delivery of large amounts of new equipment, and training demands have greatly increased full-time support requirements. The following table reflects the shortage of full-time unit support personnel that will exist in the Army and Air National Guard at the end of fiscal year 1986:

	ARNG	ANG
DOD validated requirement	65,863	32,056
Authorized military technicians	24,129	22,792
Authorized AGR	29,615	6,881
Shortage	12,119	2,383

Last year, the Armed Services Committees stated their intention to increase full-time manning in the Army Guard and Army Reserve to 14% of total Selected Reserve strength by fiscal year 1989. The budgeted full-time strength in the Army National Guard for fiscal year 1986 is over 12% of total strength.

Although the cost of AGR and military technician personnel is approximately the same as corresponding Active component military and civilian employees, there are several advantages in the Guard system. The high level of experience, due, in most instances, to prior service training and force stability, has definite advantages in providing support in training and leadership to Guard personnel. Although pay scales and allowances are identical to Active service personnel, Guard full-time personnel do not have available many Active service benefits. They are normally at more remote locations, and amenities such as military housing, morale, welfare and recreational facilities, and other extensive post or base support functions and facilities are not normally available, unless an Active service facility is located in the vicinity. AGR personnel also are not usually subject to periodic moves overseas or to higher cost areas, but they are called on to devote a great deal of off duty time to support and train Guard personnel; they accept greater than their share of alert duty, temporary deployments, and Active Force support missions because of the limited availability of Guardsmen; and they often face a significantly lower chance for promotion to senior grades because of the stability of unit personnel and the limited population in the units.

Last year, the Congress reduced the Army National Guard AGR personnel authorization by 6,000 and the Air Guard full-time manning authorization by 200, from the fiscal year 1985 President's Budget request. In view of the essential requirement for full-time support, and the current shortage in meeting that requirement, the National Guard Association urges the Congress to authorize and fully fund the full-time manpower requests contained in the Army and Air National Guard budgets for fiscal year 1986.

Retirement

The justifiable concern of the large budget deficit has caused much attention to be focused on the cost of the military retirement system. However, we believe the current system is one of the most effective incentives for retaining highly qualified military members who have been trained at great expense and whose most productive years would be forfeited if they left at mid-career. The National Guard Association supports the Active Services' position for retention of the current military retirement system and believe that it is absolutely essential to preserve the current linkage between the Active and Reserve Military Retirement systems.

The existing Guard/Reserve Retirement Plan is a minimum requirement for maintenance of a stable Guard force. We believe the present system should be improved by allowing members of the Selected Reserve to be credited with all earned retirement points. Enactment of legislation to eliminate the existing 60-point ceiling would encourage members to participate in unit training assemblies over and above the number which they are now required to attend.

Many National Guard technicians are separated from the National Guard at an age earlier than the age 60 military retirement eligibility date by actions of retention boards and the attritive provisions of the Reserve Officers Personnel Act. Additionally, many technicians must possess military skills which demand physical skill, coordination and stamina to the extent that members older than age 55 may have difficulty in meeting the continued physical demands of their military skills.

While Guard military technicians are subject to the provisions of the Civil Service retirement system, their technician career is dependent on continued membership in the Selected Reserve. Termination of such membership results in forced termination of their technician employment.

The current review and planned revision of the Civil Service retirement system appears to be leading toward an increase in the minimum age requirement of 55. The National Guard Association strongly urges enactment of legislation to retain the current age and years of service requirements for optional and discontinued service retirement for all National Guard military technicians.

Family and employer support

In many instances, the greatest impact on the ability to recruit or retain an individual in the Selected Reserve is the support, or lack of support, given by the immediate family and the full-time employer of the prospective member or members.

Many legislative improvements have been made in recent years designed to encourage family support. The expansion of medical care to cover members for illness or disease incurred during inactive duty training and the elimination of the Social Security offset to the Survivor Benefit Program (SBP) annuity, when the Social Security benefit is based totally on the earnings of the survivor, are two examples.

However, several inequities continue as irritants which could be corrected at little cost. If an illness or disease is incurred during inactive duty training, Guard and Reserve members are not entitled to compensation during convalescence. If the illness results in permanent disability, they are not entitled to severance pay or disability retirement. If they die as a result of an illness or disease incurred during inactive duty training, their survivors are not eligible for Dependence and Indemnity Compensation or other survivor benefits, except Servicemens' Group Life Insurance. The National Guard Association supports legislation to remedy these inequities. We also support legislation which would provide limited commissary and exchange privileges to active members of the Selected Reserve and their families, and to extend those privileges to members who are otherwise eligible for retirement pay, but have not yet reached age 60. We believe each of these benefits will be perceived as an incentive for continued family support of Guard members.

With the increased reliance on the Guard and Reserve as full partners in the Total Force, it is essential that every effort be made to ensure employer support of membership in the National Guard and Reserve. Such efforts should include legislation that would prohibit discrimination in hiring and to provide some incentive, possibly in the form of tax relief, for private sector employers to employ Guard and Reserve members. The National Guard Association supports H.R. 1495 as an essential component of the overall incentive program for Selected Reserve membership.

SUMMARY

Mr. Chairman, I have appreciated this opportunity to present the views of the National Guard Association of the United States on actions needed to improve the combat readiness of the National Guard.

We have recommended several changes to improve the new GI bill. We have urged that authority for the current Selected Reserve Incentive Program be extended and requested funding be approved, pending a full review of all recruiting and incentive programs. We have also urged support of the provisions of H.R. 1498, to improve manning in the health profession skills.

We have supported the Army and Air National Guard budget requests for additional full-time support personnel.

We support the current military retirement system, and urge that you consider lifting the 60-point ceiling on credit for participation in inactive duty training, and urge that the current age and years of service provisions for technician retirement be retained in any new Civil Service retirement legislation.

Finally, we urge support for legislation initiatives to improve family and employers support of National Guard members.

Mr. Chairman, it is the citizen who is also a soldier who best guarantees the freedoms we as a people so cherish. Our recommendations will help ensure that that citizen is given what he needs to be an effective soldier or airman, and that he continues to serve.

We are grateful for the past support of you and the members of this subcommittee, and we look forward to your continued support in the future.

Attachments: NGAUS 1984-85 Position Statement. NGAUS Goals and Objectives.

National Guard Association of the United States

GOALS AND OBJECTIVES

1. Our purpose is the security of this Nation and the preservation of the institutions which guarantee our independence.
2. We wish to insure, to the maximum extend possible, that never again will our country be in a position where its fight for survival is one of desperation as was the case prior to 1940.
3. It should be made clear to all that we as a Nation have the capability and the will to resort to arms should some potential adversary come to the mistaken conclusion that we are neither willing nor able to defend ourselves or stand by our friends.
4. We urge the restatement, at the national level, of the full-range of commitment to the Total Force Policy as a cornerstone of the U.S. national strategy.
5. It appears logical to us that any and all missions which can be handled in the Guard and Reserve structure should be placed in the Guard and Reserve structure when this clearly serves the best interests of United States national security in a cost-effective manner.
6. As members of the Army and Air National Guard we seek additional authorization and funding, as necessary, to attain the validated equipment and manning levels essential to achieve the readiness goals of the Army and Air Force and to insure that the Guard can indeed accomplish all that is expected of it within the Total Force framework.
7. We must impress upon all that the National Guard system works BECAUSE of the State role—not in spite of it!

[1984-85 Position Statement of the National Guard Association of the United States]

The Spirit of Success

I. INTRODUCTION

Forty years ago American and other Allied military forces took part in a series of spectacular events which culminated in the successful conclusion to a war which had begun, for the U.S., in the shambles of ignominy. The events of 1944-45 were the chain of victories in battle which were achieved by this nation's land, air and naval forces in a global warfare environment.

All of this notwithstanding, we would be remiss indeed were we to suggest that the events of that era provide an absolute blue-print upon which to base a course of action for the future national security of the United States. If anything, we must continue to study the record of the prelude to U.S. involvement in World War II to insure, to the maximum extent to which this is possible, that never again will our country be put in a position where its fight for survival is so desperate that, in later years, we would find it a matter of wonderment that we and the free world had survived and had won.

As we regard with great seriousness the enormous economic burdens which have fallen our lot and clearly influence our thinking, our instincts and our actions, we must—at this moment and in this century—rededicate ourselves to that which gives us a common purpose as members of the National Guard. That common purpose is the security of this nation and the preservation of the institutions which guarantee our independence. We view our considerable responsibilities as citizens and as defenders of this great land as a solemn trust.

There is scant comfort to be derived from the study of the era which preceded the U.S. entry into WWII. We look back at those days and the message is clear. We have to do better on our watch. It is not enough—notwithstanding our great pride in historic accomplishment—to point to the record of success and the grand scale on which it was achieved. It is necessary to discipline our enthusiasm and to appreciate the thin edge of the disaster which courted us and which was so narrowly averted.

Few of the factors which worked in our behalf in the 1940's are likely to favor us in the changed world of the 1980's and beyond. The vast distances of yesterday count for little in the jet age; the industrial capacity of the world is far more dispersed today; and the competition for natural resources is so intense that traditional alliances are threatened and there is the concern that traditional friends might turn against friends in the competition to acquire vital resources. And underlying the entire matter is the question as to the national mood, the willingness to foot the bill for adequate security.

We must therefore chart a course which captures the understanding of the public. We must capitalize on our particular strengths, use our unique talents, and harness the inherent virtues of our system to produce a defense structure to insure the survival of our institutions. This system must be amenable to the peacetime environment while making it clear that we have the capability to resort to arms should some potential adversary come to the mistaken conclusion that we are neither willing nor able to defend ourselves or stand by our friends.

II. THE TOTAL FORCE POLICY

The basis of a strategy to achieve the ends outlined above already has a good framework in the Total Force Policy. We think that the lessons of history tell us to take nothing for granted. Two years ago this Association saw new implications in the defense anomaly which led us to conclude that the time had come for Total Force II, the logical "next steps" to be taken to insure that any and all missions which can be handled in the Guard and Reserve structure are indeed placed in the Guard and Reserve structure when this clearly serves the best interests of national security in a cost-effective manner. Total Force II was a way to express our commitment to this strategy. We believe that it behooves our national leadership—the Administration and the Congress—to go beyond the limited goals of Total Force II, to restate for the next decade the full-range of commitment to the Total Force Policy as a cornerstone of the national strategy.

We believe that this is vital and critical to the matter—as we stated earlier—of charting a course which captures the understanding of the public.

It sounds profound and looks most impressive when graven in stone, but . . . can we truly afford to settle for the notion that "what is past is prologue"? Should the period of the pre-war years which can perhaps be summed up in the experience of General George C. Marshall in 1940. As the new Army Chief of Staff he appeared before Congress to plead for support in the efforts to improve preparedness. He would later report that some of the legislators appeared baffled. "Prepared for what?" he was asked.

Along with minuscule Regular forces, prior to WWII, we had a National Guard and we had reservists who were liable to be called to the colors in the event of a national emergency. But we did not have much of a national commitment as to their role and it is clear from even the most casual study of history that, with few exceptions, their manning, training and equipping was done in accordance with the unstated notion that somehow it would be made to work when and if a mobilization ever occurred.

Therein lies the great difference—and therein lies the edge that we have, the thin line of advantage which may well spell out the difference between success and failure at some future moment of confrontation when an enemy believes that the time has come to challenge our independence and our institutions. That is why, in saluting the great success we achieved on the global battlefield 40 years ago, we, the members of the National Guard Association of the United States, look to the future and seek to gain an insight as to the agenda which should be pursued . . . today . . . and tomorrow.

III. READINESS EQUALS RELIABILITY, RELIANCE, REALITY

In a year spiced with the heavy aroma of political rhetoric, the debate over Defense spending was but momentarily cast in the shadow of a four-volume report ("The Readiness of the U.S. Military") issued by the House Appropriations defense subcommittee on the readiness, sustainability and suitability of U.S. armed forces. The report reached the conclusion that the U.S. defense posture lost ground between 1982 and 1983 and that increased funding did not appear to the authors to be the way to solve the problems. This seemed to set the stage for a diversionary debate which, happily, did not occur to cloud the issue.

The Secretary of Defense, Mr. Caspar Weinberger, said in reply that the released report was stale news based on investigation done back in 1982. The report is of significance as history, as part of the rites of passage which had to be encountered and overcome on the winding road to improved readiness. What is disturbing is not the probing and inquisitive nature of such reports and studies. What is profoundly disturbing are the offstage whispers reminiscent of another era: "Readiness for what?"

To take a few liberties with the Three R's as they were portrayed in the McGuffey Readers we would venture the notion that Readiness is far more than the product of the output of data which deals almost exclusively with the tangible factors we all know so well—manpower, money and materiel. Each of these is quite important. Each of these is essential, as a matter of fact. But what is starting to become evident is that they do not necessarily add up to readiness for national survival.

The significance of attempting to measure the factors which we have characterized as Reliability, Reliance and Reality is that each of these goes beyond limits which are within the purview of the military alone. Each of these has important implications in the everyday world in which we live.

Reliability. This is tantamount to trustworthy. Like each of the other R's in this equation, it raises important questions which bear on our national character. Alliances are only scraps of paper unless our partners and allies remain convinced that we can be counted on.

Reliance. This "R," on the other hand, suggests dependence. It has to do with the measures that we, and others, are willing to undertake in order to achieve something. The "something" can be as simple—and as complex!—as the maintenance of stability in a fragile world environment. But once again, it has to do with confidence, at home and abroad, that we have a course of action and will stick to it.

Reality. This pertains to the aggregate of things as they are and is frequently the most difficult of the three R's because we prefer to see things as we would like them to be. But the fact is that the extent to which we can engender credibility in the R's for reliance and reliability hinges upon the stark nature of . . . reality.

Secretary of Defense Weinberger has on a recent occasion, noted that—"I am very worried about the word 'realistic'. It can mean acceptance of an inferior character and capability of your military forces that can encourage attacks . . . A realistic appraisal to my mind means . . . what is America capable of if freedom is at stake?"

That, in a nutshell, is what reality is all about in the discussion of U.S. defense strategy and its relationship to the rest of the world.

IV. THE BOTTOM LINE

We believe that it is most appropriate, in 1984-85, to take note of the spirit of victory of 1944-45 because those momentous events of 10 years ago got us on the road to the professionalism that is expected of the National Guard today. The National Guard leadership which emerged after the Second World War had a clear view as to what mobilized forces must be prepared to accomplish.

In the general area of preparedness, we have come to the realization that we must never again be required to overcome the range of time, space, materiel and people problems that had to be overcome to achieve victory in World War II. One of the keys to the success of the mobilization of 1940-41 was the fact that the nation was not yet at war. There was time for training, for creating a great industrial base and for shaking the bugs out of the organizational infrastructure.

After decades of false starts (with time out for partial mobilizations for Korea, the Berlin Crisis and Vietnam), in 1970, the Total Force Policy began to take shape to place increased reliance upon the National Guard and Reserves and to make a formal commitment is to the responsibility of the federal authorities to provide the resources to make it work. It has not at all times been given the support which is essential if it is to work as contemplated.

If this was not the case there would be no need for reports or studies such as the one mentioned earlier in his essay. But the fact remains that it is the reality of increased reliance upon the National Guard and Reserves which prompts such review and analysis from time to time, for the serious purpose of constantly seeking answers as to whether all U.S. forces are indeed capable of carrying out their missions in the defense of our freedom.

The national leaders who cause such studies to be undertaken would be derelict in their responsibility to the American public if they failed to raise legitimate questions and demand answers. We would nevertheless hope in all sincerity that the passions of differing views within the U.S. body politic will not cast doubt upon U.S. military capability so as to cast aspersions on the reliability of the U.S. as an ally or partner. Nor should there be any question as to the extent to which friends and allies can place reliance in our willingness to "stay the course."

We seek, in this annual statement, to set forth some of the contrasts between the lack of U.S. preparedness prior to World War II, as compared with the way the Total Force Policy—as an expression of the U.S. national strategy—focuses on the goal of mobilization readiness. This subject raises in some minds what seems to us the spurious and diversionary question, "Readiness for what?" The answer should be obvious.

Mobilization readiness is the common purpose which drives the Total Force vehicle. Readiness is not a four-letter word. The world will not be any less dangerous a place if we succumb to the notion that we must avoid discussion of . . . mobilization. One of the great lessons that we have learned since the 1930's is that we cannot pull the two great oceans around ourselves and tell the world to go away. That is the essence of the "R" for Reality.

Of all the "R's" this is the most obscure.

Reality involves not just what we can do . . . but what we are willing to do.

How do we communicate our willingness, our resolve, to the world at large?

It has long been the view of this Association that the American people speak through the Congress of the United States. We believe that today, as in the past, the Congress can be counted upon to express the commitment of the American people to the importance of keeping our arsenal well-stocked and our powder dry so that the active, Guard, and Reserve forces can count on the wherewithal that is needed to discourage any would-be assailant from making an attack upon us or our allies of the free world.

We believe that there is no limit to what America is capable of when freedom is at stake. This has been proven time and time again. What is the bottom line? We in the National Guard look forward to working within the parameters of the national strategy as stated by the Department of Defense and in accordance with the authority that is granted by the Congress to insure that the Total Force Policy works, and to continue to prove in the future as we have in the past that the effectiveness of the National Guard stems from its State character. To put it another way . . . that the National Guard system works because of the State role, not in spite of it as some would have you think!

We intend to pursue in 1984-85, as we have in past years, the quest for resources needed by the Army and Air National Guard to attain and maintain high standards of readiness. Our goal is to insure that the Army and Air Guard can indeed accomplish all they are expected to accomplish. And also to insure that, while we remember and salute the great victories of 1944-45, we are ever mindful of the monumental disadvantages that had to be overcome. We hope it will be said by future commentators that we were smart enough to learn from history so that no future generation of young Americans will have to pay the price which was exacted from those whom we honor in 1984-85 for the great accomplishments of 40 years ago.

Senator WILSON. Gentlemen, thank you very much for the professionalism that you bring to your task and for being here this morning.

[Questions to be answered for the hearing record follow:]

QUESTIONS SUBMITTED BY SENATOR PETE WILSON

COMPETITION FOR MANPOWER

Senator WILSON. Gentlemen, each of you have indicated that the Reserve components are seeking more and more non-prior service personnel for reserve service.

I would appreciate hearing your views about whether you believe this will result in the Reserve components becoming engaged in head-to-head competition with the

Active Components for the same personnel and if so, whether that is good for our country and its Armed Forces?

General **Walker**. General Temple will answer for the Army National Guard.

Army National Guard

General **Temple**. The Active Components and the Reserve components do recruit NPS personnel from the same available manpower pool. Any actual competition is limited, however, because we compete for different types of young men and women from that pool. The fundamental differences between active and reserve service create requirements for people with different life and career goals. The Active components require NPS accessions for a year-round, full-time system. Military duty is the enlistee's primary livelihood or career. The enlistee is required full-time in both peacetime and wartime. In contrast, the Reserve component NPS accessions are required for a part-time system. Enlistees pursue a different full-time profession as a primary source of livelihood or career. Reserve force members are only required to expand the capability of the active forces in times of war.

The Army National Guard should be able to recruit sufficient volunteers from the available manpower pool with the characteristics and desires different from those competing for full-time employment if the Congress and the American people continue to provide the necessary support. Examples of this support include recruiting and retention incentives requested and the quality of life improvements needed to allow the Army National Guard to compete for the citizen-soldier's time and dedication.

Army Reserve

General **Berkman**. Although the Army Reserve and the Active Army are recruiting from the same manpower pool, we are not necessarily engaged in head-to-head competition for the same personnel. Some of the non-prior service people we are recruiting may also be targeted by the Active component, but we are generally seeking individuals whose motivation for joining the service would tend to lead them to the Reserve components instead of the Active Army. For example, those individuals who see the military as a part time job or those individuals who are in high school or college would be more inclined toward the Reserves. There is also a pool of young men and women who would like to serve in the military but who do not want to leave home for extended periods of time and, therefore, would prefer to serve in the Reserves. These factors, plus other motivational factors, tend to naturally divide the pool of potential recruits into distinctive markets for the Active Army and the Reserves.

Naval Reserve

Admiral **Kempf**. Though both the Active and Reserve components are recruiting non-prior service individuals, their efforts are directed toward two different markets. The Active components are recruiting individuals who are willing to make the military a full time career while the Reserve components are seeking the individual who is interested in part-time service. There is a requirement for both individuals.

This is Total Force marketing. It is beneficial to the country and its Armed Forces.

Air National Guard

General **Conaway**. There are significant differences in the dynamics of active and reserve force recruiting that suggest the two are not entirely comparable. The reserve components rely heavily on prior service veterans to meet accession objectives. Between fiscal year 1980 and fiscal year 1984 about 60% of ANG accessions were prior service personnel. Prior service accession goals for the active force are quite limited, therefore there is very little competition for this source of manpower. Further, Reserve recruiting is tied to local demographics and is attractive to individuals who want to contribute to our national defense but who want to remain in their local community. The Active full-time mission versus the Reserve part-time mission has appeal to different segments of the population and therefore we feel that competition will not be a serious problem.

Air Force Reserve

General **Gill**. In fiscal year 1984, non-prior service accessions represented only 24% of our total enlisted accessions. We expect this trend to continue. In real numbers, Reserve non-prior service accessions are so small (2,682 in fiscal year 1984, 942 in fiscal year 1985 as of February 28, 1985) that we are not forced into a head-to-head competition with the active Air Force. In fact, those non-prior service applicants we recruit represent a different market than active duty. Our non-prior service accessions are older (average age was 22 in fiscal year 1984) and are not interested in a full-time career in the military. Instead, they want to be a part of the defense of our Nation while at the same time pursuing a career in the private sector. These factors have resulted in the Active and Reserve recruiting complementing rather than hindering each other's efforts.

Selected Marine Corps Reserve

General WENT. If quality were not important, and if we were not recruiting in a free market, then, even at the lowest point, the available pool of young people would be large enough to accommodate end strength plans across the Department of Defense—Regular, Reserve and National Guard.

The problem is that (1) quality is important, (2) in the short term, less quality will be available to satisfy all components' needs, and (3) our recruiters do operate in a competitive, free market environment.

With respect to non-prior service (NPS) accessions, if all services continue to recruit at the current level, the Marine Corps does not anticipate a problem. Within the Marine Corps, all recruiting of non-prior service young people for either the Regular component or the Selected Marine Corps Reserve (SMCR) is accomplished by our Recruiting Service comprised of regular Marines and reservists. While one might expect the recruiters to favor the Regular component over the Reserve—with respect to quality of accessions—this is not the case. Over the past several years, SMCR non-prior service accessions have reflected equal or incrementally higher percentages of high school graduates and upper AFQT category scores than the Regular accessions. At this point, equal distribution of quality accessions between the Regular component and the SMCR is a function of organizational discipline, which will not change, and market conditions, which will. Plans to increase strength across all services and each of their components will create a major change in market conditions.

Notwithstanding a scenario calling for DOD wide increases, the Marine Corps will continue to distribute accessions fairly and proportionally across the Regular and Reserve components. In light of irrefutable demographic trends, however, we believe this scenario should be carefully evaluated and coordinated within the Department of Defense.

MILITARY AND CIVILIAN FULL-TIME MANNING

Senator WILSON. General Gill, I understand that the Air Force Reserve plans to further increase its proportion of full-time manning personnel.

What is the purpose of adding more full-time manning personnel to the Air Force Reserve?

What will be the breakout of full-time military personnel and civilian technicians within this increase?

General GILL. The proportion of Air Force Reserve manpower devoted to full-time support has been relatively constant and is programmed to remain so in the future. The following strength figures for fiscal year 1984, 1985 and 1986 reflect the full-time support as a percent of the total USAFR resources: fiscal year 1984—16.2, fiscal year 1985—16.1, fiscal year 1986—16.2.

The purpose of full-time support manpower is to provide an essential element for mission accomplishment and readiness of Air Force Reserve units. Full-time authorizations consisting of military technicians, civil service personnel, active duty Guard/Reserve personnel and Active Air Force with the Air Force Reserve perform the day-to-day management, maintenance, training and support duties, including recruiting, associated with unit equipage and mission objectives. Adequate full-time manning is a key factor in mission readiness. The requested 639 authorization increase is associated with force structure and modernization of the Air Force Reserve programs, such as equipping Air Force Reserve units with C-141 aircraft, C-5 maintenance, USAFR participation in KC-10 associate units maintenance, and in recruiting.

The breakout of full-time personnel is as follows:

	Delta
Active duty Guard/Reserve	+32
Military technician	+737

	Delta
Civilian	−40
Active Air Force with USAFR	−90
Total	+639

USAFR does not utilize Active Duty Guard/Reserve at unit level. They are required for Reserve recruiting and headquarters support.

Questions Submitted by Senator John Glenn

FULL-TIME MANNING

Senator **Glenn**. General Temple, you stated in your opening remarks that there are 3,083 company-size units in the Army National Guard.

You are requesting 30,679 full-time active duty Guardsmen in fiscal year 1986, or roughly 10 active duty Guardsmen for each company-size Guard unit.

How many of these company-size units actually have full-time manning personnel?

General **Temple**. All company-size units in the Army National Guard will be supported with at least some full-time manning in fiscal year 1986. High priority early deploying units will be supported at or near 100 percent of their required full-time manning level; late deploying units at about 25 percent.

Senator **Glenn**. How many full-time manning personnel do most company-size units have?

General **Temple**. The number varies according to the type of unit. Full-time manning ranges from four (4) in most companies, twelve (12) at battalion/brigade level and eighteen (18) at division level. It is noted that 17,391 full-time manning spaces are included in the 30,679 full-time active duty guardsmen requested in fiscal year 1986. The balance of 13,288 support requirements for recruiting; operation of systems essential for mobilization; training; Reserve Officers Training Corp; augmentation support at major Army commands, and statutory tours at State headquarters, major command headquarters and Headquarters Department of the Army.

Senator **Glenn**. General Berkman, you stated that 61 percent of your full-time active duty reservists are currently in local Army Reserve units.

Where are the other 39 percent of these personnel serving?

I believe you said that the percentage of full-time active duty reservists out in local units will rise to 90 percent by 1990.

If the need for these people is greatest out in the local units, why are you waiting until 1990 to put most of the full-time active duty personnel out in the local units?

General **Berkman**. The 39 percent or 3960 Army Reserve Active Guard/Reserve personnel are allocated to positions above major U.S. Army Reserve commands. Of these, approximately 72 percent (2841) are allocated to positions in direct support of unit strength maintenance. An additional 13 percent (506) are allocated to mobilization planning and career management positions. The remaining 15 percent (613) are allocated for control and policy, administration, and special projects in support of the U.S. Army Reserve.

The percentage of full time reservists in Army Reserve units in fiscal year 1990 is programmed to be 81 percent; the remaining 29 percent will serve in nonunit positions which provide overall support to the Army Reserve.

In building the full time force of Reservists, we have assigned personnel across the entire spectrum of essential Army Reserve support positions from the unit level through Department of the Army and Department of Defense. We believe that all of these positions are essential to improving the readiness of the USAR. These positions have been filled based upon their potential to improve the overall readiness of the USAR. Thus we have not filled unit support positions alone. We have also filled those headquarters positions which support Reserve units by organizing, administering, and training as well as recruiting and retaining USAR personnel.

SELECTED RESERVE READINESS

Senator **Glenn**. (All witnesses) Last October, the annual Readiness Assessment of the Reserve Forces Policy Board concluded that "Equipment continues to be the most serious and limiting factor affecting force readiness of the Reserve Components."

Would each of you give a brief summary of the major equipment shortages in your respective components?

What is the magnitude of these shortages?

How serious are these equipment shortages to your ability to meet your mobilization missions?

General **Walker**. General Temple will answer for the Army National Guard.

Army National Guard

General **Temple**. Major equipment shortages at the end of fiscal year 1984 include:

	Billions
Aircraft (all types)	$1.522
Tactical Automated Data Processing Equipment	.007
Tanks (all series)	.853
Trucks	.647
Artillery	.400
Radars	.215
Air Defense (Stinger, ROLAND)	.144
Carriers/Bradleys	2.978
Communications (Multiple Configurations)	.741
Other (Engineer, Medical, Trailers, Test Measurement Diagnostic Equipment, Generators, Shop Sets, etc.)	1.476

Overall equipment shortages at the end of fiscal year 84 totalled $8.983 billion. The Army National Guard total fill of wartime equipment requirements at the end of fiscal year 84 was 61 percent. Fill of peacetime authorizations was 69 percent.

Currently [deleted] percent of all Army National Guard units scheduled to deploy upon mobilization are rated C-4, non-deployable for reasons of insufficient equipment on hand.

Army Reserve

General **Berkman**. In the Army Reserve, major equipment shortages with respect to the wartime requirement include the following:

Item	*Dollars short (millions)*
Aircraft (all types)	90
Tactical ADPE	22
Tanks (all series)	1,542
Trucks	323
Artillery	42
Radars	16
Carriers/Other Tracked Vehicles	175
Communications Equipment	132
Other to include Engineer, Trailers, Generators, Shop Sets, Test, Measurement and Diagnostic Equipment, etc.	743
Total	3,085

For the Army Reserve, the total dollar value of major equipment shortages amounts to 49 percent of the wartime requirement of $6.3 billion.

As a result of equipment shortfalls, a substantial portion of Army Reserve units do not meet minimum standards for deployment. These shortages impact adversely not only upon equipment on hand readiness but also upon training readiness. Shortages impair the readiness ratings of many high priority units, but the impact is particularly severe in lower priority, later deploying units.

Naval Reserve

Admiral **Kempf**. We have significant shortages in modern aircraft, associated sensors and weapons systems. We have seen, and are planning for more, accelerated transition to modern aircraft, such as the F-14A and the F/A-18, in the Naval Reserve. We will more closely mirror the active Navy air wings when the Reserve carrier air wings include a medium attack aircraft (A-6E). We would also like to accelerate introduction of the advanced electronic warfare capability (EA-6B) to replace our current EA-6A aircraft. In addition, we need to replace the HH-1K and HH-3A for combat search and rescue and for Navy special warfare. Congress provided funds in fiscal year 1985 to buy two UH-60's to begin the replacement program.

In the Naval Reserve, shortages in aviation support equipment delay organizational and intermediate maintenance in peacetime, and seriously impair combat readiness at mobilization.

Deficiencies in civil engineering and material handling equipment impair the readiness of the seventeen Reserve Mobile Construction Battalions. Deficiencies in communications equipment hinder command and control at mobilization for all battalions. The Navy is continuing its program to reduce these deficiencies. The fiscal year 1986 Navy Budget makes great strides in reducing some of these deficiencies, consequently six of our battalions will be considered fully ready by the end of fiscal year 1986.

Air National Guard

General Conaway. The Air National Guard has identified shortages in the areas of communication equipment, aircraft support equipment, weapons training equipment and aircraft modifications equipment. The magnitude of these shortages is approximately $50M. These shortages affect the C-status of our units and overall warfighting capability and peacetime training mission.

Air Force Reserve

General Gill. Despite the assignment of newer aircraft such as A-10s, F-16s, and C-130Hs, the average age of AFRES aircraft is 16.9 years, with some C-130s approaching 30 years. With their technology from the 1950s and 1960s, the potential for tactical aircraft survival on the battlefield of the 1980s is limited at best. As a minimum, modern ECM equipment, defensive flare and chaff dispensers, radar warning equipment, and infrared jamming capability are needed by all fighters and AC-130 gunships. Only one AFRES fighter unit is equipped even partially with ECM pods. As new equipment is procured for the Active Air Force, older ECM pods are programmed to be released to the Reserves. Until ECM pods are made available, AFRES fighter units are unable to train for electronic warfare on a continuing basis, and would not have the equipment when called on to deploy. Continuing modernization programs for all aircraft, including those newly assigned such as the F-16A/B, are the key to the Air Force Reserve playing a meaningful role in the Total Force. A replacement for the AC-130A gunship must be programmed to provide this proven capability in the future. Two C-130H aircraft are in production to bring the squadron at Dobbins Air Force Base, Georgia, to the same level as other Reserve C-130 squadrons, with eight assigned aircraft. The additional two aircraft should be delivered by September 1985. Our depot maintenance program provides necessary depot level inspections and repair for AFRES aircraft. However, because of structural and corrosion problems due primarily to their age, some aircraft remain in depot maintenance for an extended period of time. As a result, units do not always possess their full complement of assigned aircraft. Air Force Reserve Weapons System Security Flights are short an aggregate of 102 M-60 machine guns, resulting in a serious impact on their ability to defend forward locations. We plan to use a portion of the special appropriation included for the Air Force Reserve in the fiscal year 1985 DOD Appropriations Act to fill these shortages. Modern communications equipment is programmed to be delivered to AFRES Communications Flights starting in April 1986. Until that time, their ability to perform their wartime mission will be limited. Support equipment shortages, ranging from aircraft servicing equipment and special purpose vehicles, to chemical warfare protective equipment, total more than $50 million.

Selected Marine Corps Reserve

General Went. Listed below is the current and projected shortfall of major items of equipment by commodity area (in dollars) for fully equipping units of the Selected Marine Corps Reserve. Compared with total requirements, the fiscal year 1985 shortfall indicated in the chart is 28.6%. If funded, the Marine Corps' procurement program will eliminate all but 8.3% of that shortfall by the end of fiscal year 1988.

Commodity areas	Fiscal year 1985		End of fiscal year Dollars (millions)	Dollars (millions)
	Dollars (millions)	Short (percent)	1988	Short (percent)
Weapons and tracked vehicles	150.0	25.6	53.4	7.3
Communication/Electric	22.9	15.2	8.9	6.0

Commodity areas	Fiscal year 1985		End of fiscal year Dollars (millions)	Dollars (millions)
	Dollars (millions)	Short (percent)	1988	Short (percent)
Support vehicles	52.7	41.7	7.4	3.9
Engineer	53.2	43.3	32.0	20.9
Total	278.8		101.7	

Reserve units hold at local training centers only that amount of equipment which is required for training and can be adequately maintained and stored. This equipment is referred to as a training allowance and equates to approximately 50% of the total requirement. Today, over 96% of the training allowance is on-hand, and units are adequately equipped to train effectively. The remainder of the equipment required to fully equip Selected Marine Corps Reserve (SMCR) units for combat is programmed to be held in the stores system to be issued upon mobilization. These stocks are not adequate to satisfy the full equipment needs. Considered together, the training allowance and equipment in the stores system equate currently to approximately 71% of the full reserve wartime requirement. If mobilization occurred today, reserve units which are assigned an early deploying mission to augment/reinforce active forces (roughly one quarter of the total SMCR) would be fully equipped at the same priority as active forces. Remaining SMCR units are likely to have an equipment shortfall and their operational readiness would be degraded. As previously indicated, present programs will substantially eliminate this shortfall by fiscal year 1988.

SELECTED RESERVE READINESS

Senator **Glenn**. General Berkman, according to Dr. Korb's statement, 20 percent of the U. S. Army Reserve units deploy within 30 days of mobilization.

How ready is this 20 percent of Army Reserve units to meet their mobilization commitment?

General **Berkman**. Examination of the most recent USAR unit status reports, dated 15 October 1984, reveal that approximately 50 percent of these Army Reserve units meet deployment criteria. The primary inhibitor to achieving a deployment capability for the other 50 percent are shortfalls in equipment on hand (EOH). Units will be made deployable by cross-leveling equipment at mobilization stations, redistribution of on-hand items, and through distribution from the wholesale supply system. It should be recognized, however, that the wholesale system does not provide sufficient stocks to satisfy the Army's shortfall requirements.

Senator **Glenn**. Is all of their equipment compatible with that of the Active units they will deploy with?

General **Berkman**. Some USAR equipment is not compatible with that of the Active units they will deploy with. Compatibility problems exist because of the Army's movement toward force modernization, resulting in the issuance of high technology items of equipment, i.e., ADPE, signal, associated tools and test equipment, and weapons systems. The Army has identified these compatibility problems affecting the Army Reserve and is working toward a solution by modernizing USAR equipment, identifying minimum equipment levels for training, dedicated procurement, establishing realistic issue priorities, and training enhancements. An example of the Army's resolve is the issuance of UH-60 helicopters out of normal priority sequence to Army Reserve aviation maintenance units to insure that wartime mission training will occur.

Senator **Glenn**. Do all of these units have all of the equipment they need to deploy?

General **Berkman**. Units do not have all the equipment they need to deploy with. However, upon mobilization, equipment shortfalls will be reduced by cross-leveling and distribution of equipment from the wholesale supply system.

Senator **Glenn**. Are the maintenance units in this 20 percent trained to maintain the equipment of the units they will support.

General **Berkman**. According to the Modernization Station Planning System, as of 22 March 1985, 14.4 percent of the C+30 units are Army Reserve units. Eight percent of the units are maintenance units. Although in some cases these units are trained on current systems, they cannot maintain force modernization systems at the present time. They are to be equipped and will be trained for force modernization systems beginning in fiscal year 1986, when the Regional Maintenance Training Sites (RMTS) are resourced.

READINESS

Senator GLENN. General Walker, your statement indicates that the Army Guard experienced an overall readiness decline of 2 percent in fiscal year 1984, primarily due to equipment on hand.

At the same time, your statement says that "never before in our history have Guard members been better equipped in peacetime."

If the Army Guard is better equipped than ever before, why is the overall readiness of the Army Guard declining?

General WALKER. The Army National Guard is better equipped than ever before; despite this fact the overall readiness, measured in C-ratings, has declined. This decline is due primarily to equipment on hand. Several factors explain this. The Army Guard is in a dynamic period in which more high priority missions are being assigned than previously. Preparing for these new missions has required changes in force structure and introduction of modern equipment.

Force structure changes include numerous unit activations, conversions, and reorganizations resulting in increased wartime equipment requirements, including modernization equipment items. This creates the instant unreadiness phenomenon.

Instant unreadiness is caused by a modernization bias reflected in the Unit Status Report (USR) resulting from documentation changes. Many documentation changes occur far in advance of planned procurement and distribution of equipment. This causes units to report lower C-ratings on the USR.

That C-ratings are lower does not mean that the Army Guard has experienced any reduced capability. As old equipment items are replaced with new ones, unit capability has, in fact, increased. For example, an armor unit which receives new M1 tanks may not change its C-rating on the USR, however, its fighting capability has increased significantly.

MISSION REQUIREMENTS

Senator GLENN. General Walker, the Army Guard may be getting more and better new equipment, but it seems to be getting even more missions and requirements.

In your opinion, is the Army Guard losing ground in its ability to meet its stated mission requirements?

Are your mission requirements growing faster than your ability to carry out these missions?

General WALKER. The Army National Guard continues to meet the increasing mission requirements and has not yet achieved full potential. Two factors support my opinion. First, the modernization program is delivering new and much more capable equipment to the Army National Guard and our Guardsmen are training with good results using that equipment. Second, the Army's CAPSTONE program has aligned Army National Guard, Army Reserve and Active Army units into war planning associations based on global and regional considerations. Through this association, our commanders and staffs, both Active Army and National Guard, have been able to effectively manage missioning, war planning and training to support stated mission requirements.

Regarding your second question, I do not believe that mission requirements are growing too fast. The Army National Guard is capable of assuming additional Active Component missions if sufficient lead time and resources are provided. Experience indicates that 18-21 months are required to effect administrative transactions and to recruit prior to activation of a unit. Depending on the type unit, another 12-36 months may be required to complete the equipping and training to deployable standard. There are currently 28 actions establishing approximately 4,800 spaces in the Reserve Component Initiative (RCI) Program for fiscal year 1985-90. The Army National Guard currently has good momentum in recruiting and retention that would support additional requirements. However, care must be taken to ensure that high priority missions are accompanied by necessary equipment, accelerated modernization and commensurate resources. As part of our analyses of our current capabilities and further missioning potential, we are carefully monitoring the increased training and time requirements necessitated by these new or altered mission assignments for possible negative impacts on both the Guard families and Guard employers. We must ensure that we do not become overly exuberant in increasing missions to the detriment of our Guardsmen.

FULL-TIME MANNING

Senator **Glenn**. General Walker and General Berkman, both the Army Guard and the Army Reserve are requesting significant increases in the levels of full-time active duty reservists again this year.

Last year, in response to the question of whether these full-time active duty reservists are making a tangible difference in improving unit readiness in the Army Selected Reserve units, both of you responded that "Hard evidence that cannot be refuted is not available at this time."

This full-time manning program is becoming very expensive.

Are you any closer to having hard evidence that these full-time personnel are actually improving unit readiness in the Army Selected Reserve units?

National Guard

General **Walker**. Unit readiness as measured by the "Unit Readiness Report," encompasses the evaluation of a combination of factors including the level of manning, the qualification of personnel, the level of training, the level of equipment fill and the condition of equipment. The standards established for full-time active army units also apply to Guard units. While it is difficult to quantify or correlate the contribution that full-time manning makes to the factors used in determining unit readiness, our records show that the number of units that are combat ready for training has steadily increased since the advent of full-time manning. We can appreciate the fact that it is much more difficult for part-time Army Guardsmen to accomplish the day-to-day functions that must be accomplished in the areas of administration, supply, and most importantly training that are required to maintain an acceptable level of effectiveness. Without full-time support, the ability of units to accomplish these day-to-day functions is contingent on how much extra time guardsmen can give to their units by coming in on their own time throughout the week to perform the essential work necessary for conducting productive training sessions. The shortage of full-time support serves to deprives many members of the unit the opportunity to participate in required training because it is essential for their training time to be spent in performing other work within the unit. Full-time support is turning this situation around. Commanders at all levels are enthusiastic about the AGR program. They report that increased unit support has improved their capability to accomplish training and has improved morale and esprit de corps. This has been confirmed by the recent GAO study on full-time manning which is supportive of higher levels of full-time support within the Army Guard. We realize that the full-time support program is expensive. However, it costs significantly more to support a full-time active Army unit than it does to support a comparable Guard unit including the modest full-time support we are requesting. The plan to strengthen the defense capability of the Army by upgrading the Army National Guard rather than increasing the number of active Army units is the least expensive means available.

Army Reserve

General **Berkman**. Because commanders' assessments of their units' mobilization readiness remain the most comprehensive and ultimately reliable measure of mission competence in the Army Reserve, we place great confidence in their judgment. During a March 1985 meeting of USAR general officers, these senior commanders reported that their overall units' readiness indicators have improved with the advent of AGR personnel in their units. We feel the improved readiness is a direct result of the experience levels of AGR personnel, the key positions they occupy, the daily planning and operations performed, and training provided to the drilling reservist. I accept this as the best available measure of the fact that full-time personnel are improving unit readiness.

Senator **Glenn**. General Walker and General Berkman, how do you decide which selected Reserve units will be assigned one of these full-time Active duty personnel?

National Guard

General **Walker**. Full-time manning positions are being filled based on Army established unit deployment schedules with earlier deploying units receiving first priority.

Army Reserve

General **Berkman**. The Department of the Army Deputy Chief of Staff for Operations and Plans develops policies and priorities for distributing Army Reserve Active Guard/Reserve resources to selected Reserve units. Distribution is made primarily in accordance with the Department of Army Master Priority List which provides for priority of fill to early deploying units.

Senator **Glenn**. General Temple, the Army Guard is requesting an increase of 10,096 active duty full-time manning personnel in fiscal year 1986.

Where will these additional personnel be put?

General **Temple**. The additional 10,096 Active duty full-time Guardsmen will be assigned as follows:

Support to new systems	394
Support to new missions transferred to the Army Guard	167
Support to force structure changes	315
Support to deploying forces	6,797
Full-time recruiting and retention personnel	228
Full-time support to Army Guard activities (installations)	156
Full-time support to Army Guard activities above division	1,982
Full-time support to major headquarters	57
Total	10,096

Senator **Glenn**. General Berkman, the Army Reserve is requesting an increase of 4,014 active duty full-time manning personnel in fiscal year 1986.

Where will these additional personnel be put?

General **Berkman**. The Army Reserve is requesting an increase of 4,014 personnel for the Army Reserve Active Guard/Reserve (AGR) Program. Over 85 percent of the growth will be allocated to Army Reserve units. Approximately 6 percent will be allocated in direct support of unit strength maintenance. The remaining 8-9 percent includes personnel allocated to accomplish projects in general support of the Army Reserve, such as mobilization planning, personnel management, and administration. Also included in this percentage will be USAR AGR personnel attending military courses of instruction.

ADDITIONAL ACTIVE DUTY MANNING PERSONNEL

Senator **Glenn**. Admiral Kempf, the Navy Reserve is requesting an increase of 4,300 full-time active duty manning personnel in fiscal year 1986.

Where will these additional personnel be put?

Admiral **Kempf**. The increase in full-time support personnel will be used to recruit, train and administer a growing Navy Selected Reserve. The largest single percent of this apparent growth (1,537) is the result of transferring the Temporary Active Duty (TEMAC) program, which supports Naval Reserve recruiting, from the Military Personnel, Navy (MPN) appropriation to the Reserve Personnel, Navy (RPN) appropriation in fiscal year 1986. The TEMAC's who will support the active force remain funded in MPN.

The remaining growth of 2,763 is necessary to meet TAR manning requirements for an expanding Surface Reserve Force (+1,490), aircraft squadron transitions (+445), and support for a greatly expanding Navy Selected Reserve (+828).

[Whereupon, at 12:35 p.m., the subcommittee adjourned, subject to the call of the Chair.]

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1986

TUESDAY, MARCH 19, 1985

U.S. SENATE,
SUBCOMMITTEE ON MANPOWER AND PERSONNEL,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

MILITARY RETIREMENT SYSTEM

The subcommittee met in open session, pursuant to notice, at 9:35 a.m., in room 232-A, Russell Senate Office Building, Senator Pete Wilson (chairman) presiding.

Present: Senators Wilson, Goldwater, Thurmond, and Glenn.

Staff present: Richard D. Finn, Jr., William E. Hoehn, Jr., George K. Johnson, Jr., David S. Lyles, professional staff members; Patricia L. Watson, research assistant, Tony D. White, special assistant, and Mary J. Kampo, staff assistant.

Also present: Gerald J. Smith, assistant to Senator Goldwater; John L. Roddy, assistant to Senator East; Allan Cameron, assistant to Senator Denton; Jeffrey B. Subko, assistant to Senator Exon; James Steinberg, assistant to Senator Kennedy; Phillip P. Upschulte, assistant to Senator Glenn; and Mike Frankel, assistant to Senator Cohen.

OPENING STATEMENT BY SENATOR PETE WILSON, CHAIRMAN

Senator WILSON. Good morning, ladies and gentlemen. The Subcommittee on Manpower and Personnel will come to order.

The subcommittee meets today to conduct its fifth hearing to review the fiscal year 1986 Department of Defense authorization request. Let me announce at this time that the subcommittee will conduct its sixth and final hearing on the authorization request on Thursday, March 21, at 2 p.m. in this hearing room.

During that hearing we will consider the proposals made by my friend and colleague from New Hampshire, Senator Rudman, for reducing the defense budget by making reductions in non-combat active duty and civilian personnel. Senator Rudman will be present and he will present testimony and answer questions about his proposals.

We will also have the Assistant Secretary of Defense for Manpower, Installations, and Logistics, Dr. Korb, and the Chiefs of Personnel from the military services, who will present their views on Senator Rudman's proposals.

Today's hearing is an ambitious one. We are going to review the military retirement system. We anticipate having a second hearing. However, you heard me announce that the hearing Thursday to consider Senator Rudman's proposal will be the final hearing on the authorization request. We are caught in a conflict between the desires of the committee to consider additional matters, including health care, and the necessity to act in compliance with the scheduled markup which will begin next week, because the full committee markup will follow in the ensuing week.

So what we are saying is that, in addition to the witnesses whom we hear today, we anticipate having a second hearing on the subject of retirement, but it will not be until after we have conducted markup and until the authorization bill itself has passed the entire committee.

Public attendance at this hearing I think gives evidence of the keen interest in this subject. It is important that this hearing be held today. The subcommittee has not held a hearing on the subject of retirement for some years. During that time there have been a number of piecemeal and temporary changes made to military retirement benefits, and here we are discussing not the Reserve system nor the disability system, but the non-disability Active system.

I am convinced that the subcommittee and the full Armed Services Committee generally have not participated as fully as they desire to in the decisionmaking process concerning these changes. We really cannot afford to allow the subcommittee, nor the full committee, which have primary jurisdiction over the retirement system, become deluded.

Much has been written and said about military retirement over the years, and it seems to have reached fever pitch over the last year or two. Much of what has been said and written is based upon misunderstanding about the purpose and need for military retirement, though there has also been much responsible criticism.

Some very valid questions have been raised about military retirement. Generally, I think these questions can be summarized as follows: Are the force structure requirements which the military retirement system is designed to serve the correct ones? Does that system meet the needs of the services and their personnel in the most efficient and economical way possible?

We will address these issues today with two panels of witnesses. First we will hear from Dr. Lawrence J. Korb, Assistant Secretary of Defense for Manpower, Installations, and Logistics. Then following Dr. Korb we will hear from a panel representing five military associations which collectively represent active duty and retired officers and enlisted personnel of each of the armed services.

I am aware that there are a number of other associations which would like to testify today. Let me assure each of those associations that I am aware of their interest and of the valuable role that they play in representing their membership.

Time constraints simply do not permit calling every interested party as a witness today if the subcommittee is going to be able to explore the many issues involved in military retirement. There is the additional consideration that this afternoon we are going to be otherwise occupied on the MX vote.

However, in order to get the views of the members of the other associations on the record, the record will be held open until the close of business on Monday, March 25, 1985, for the receipt of written statements on the subject of military retirement. Please contact Mr. Tucker or Mr. Finn of the committee staff if there are any questions about this procedure.

The prepared statement of Senator Strom Thurmond will be entered in the hearing record at this point.

[The prepared statement of Senator Strom Thurmond follows:]

PREPARED STATEMENT BY SENATOR STROM THURMOND

Mr. Chairman: I would like to thank you for holding this hearing concerning military retirement, and I would like to welcome our witnesses for today's hearing. The military retirement system has come under a great deal of criticism in recent years as being too costly or too generous

Mr. Chairman, in my lifetime, I have found that there is one accurate barometer to guage when such criticism will rise, and that is an extended period of peace. We have not been engaged in extended combat operations for more than a decade, so naturally some people have begun to view the military pension system as too costly.

The retirement program for the military services may very well need some adjustment, and the basic system of 20 and 30 year terms of service may have to be modified somewhat.

Mr. Chairman, it will be a pleasure to work with you in an effort to ensure that any changes to the retirement system are equitable and fair to our service men and women.

Senator WILSON. Now, before turning to our first witness, Dr. Korb, I will yield to Senator Glenn, the distinguished ranking member, for any statement that he may wish to make.

Senator GLENN. Thank you, Mr. Chairman, very much. And I want to welcome the witnesses to the subcommittee this morning. As I said at our last hearing, Dr. Korb, I think we were spending enough time together at these hearings that you and I ought to car pool together or something. We do appreciate your testimony.

And I want to make two brief points on the military retirement system. Military retirement is a very important element of our overall military compensation system, but it is still only one part of the military compensation system, a system designed to produce certain results in terms of manning our military forces.

My main consideration in any of these matters regarding pay, retirement, or whatever, is what effect does this have on our combat capability? I think we have to keep that in mind on all of these things. What we are talking about are forces that may have to go into combat, and that is the bottom line to me, that is what effect and what type of people we get in with the systems we are talking about here, whether it is the military compensation system directly or retirement or whatever.

It has to fit that picture of what kind of people are manning our services in case we have to go into combat. That to me is the bottom line. I guess that is obvious, but I think we too often forget that sometimes in our budgeting concerns and so on.

So any review of the military retirement system should begin with a review of these force manning assumptions and should consider military retirement in the context of the military compensation system as a whole.

The second point, Mr. Chairman, is that I believe that if we make any changes to the military retirement system, we should keep in mind the need for the Government to live up to its past commitments. We need to be very careful not to break faith with the current military retirees and the people on active duty today, particularly those who have made their career decisions based on the expectations created by the current military retirement system.

Having said that, I do not say that we cannot make changes in that system. I think we have people that are beyond their normal working years, they had faith in their Government, they gave true faith and allegiance to this Government, served in combat or served in the Armed Forces, whether in combat or not, and then to say, oh, thank you, and now we just do not want to pay you as much as we said we were going to, that breaks faith and we cannot do that.

So I expect that there are changes we can make to the military retirement system and I want to work on those, and I think we can do that. I think we can make changes that will save money but will not hurt our ability to man our military forces.

I think in looking for these changes we need to keep the two points I made in mind, and I will have questions later on.

Thank you, Mr. Chairman.

Senator WILSON. Thank you very much, Senator Glenn.

We are also privileged this morning to have with us the distinguished chairman of the full committee, Senator Goldwater, whom I would invite to make whatever statement he may wish to make at this time.

Chairman GOLDWATER. I thank you, Mr. Chairman. I did not come here to make a statement. Asking a Senator to make a statement, it is a heck of a thing to say no.

I would just like to back up what both of you have said. The effort of this subcommittee and the full committee is not to eliminate retirement, but to try to come up with a retirement plan that will work, that will adequately pay the man who has served in the service, and not present us with an insurmountable bill looking down the future.

I remember—referring to what Senator Glenn has said—when I became a second lieutenant, the silver rung on the top of the ladder was retirement, and as long as you kept your nose clean and stayed out of trouble and got to that top rung with your top commission, you would retire with benefits that you had no part of, that were promised you by the Government.

Now, those retirements we cannot renege on. I think there are some adjustments in the 1947-1958 approach that we can look at, Mr. Chairman, and I know that you are doing an excellent job on this and I know that you are keeping fully aware of the fact that there seems to be a lot of appeal in doing something about retirement.

It's like everyone in the Congress wants to shoot at the military service. A lot of people want to change the retirement program without any reason or rhyme behind it. I would just hope that you keep on with your well-reasoned, well-programmed hearings, listening to people that know what they are talking about, so that we can come out of this with continued incentive to the young man who wants to be an enlisted man and to the young man who wants to join the officer corps.

We cannot at this time, in my opinion, be seen tampering or threatening unduly the retirement system, because enlistments, as you know, are beginning to dip just a bit, and we have the finest young enlisted corps in my whole history. I never remember a military in which I have seen so many fine young people, both officer and enlisted.

So I just want to commend you on what you have done so far. You have a fine subcommittee. Everyone on it represents every view. That is about all I have, and I thank you for letting me sit here. I cannot be here forever because I have the MX coming up and we have the President breathing down our necks.

Senator WILSON. Senator, we are delighted to have you here, bearing in mind the heavy responsibilities that you have. We will deem it a privilege for you to be with us for whatever period your schedule permits.

We now welcome back again our almost constant companion, Dr. Korb. Is it true that you have left this as the number at which you can most frequently be reached?

Dr. Korb, we are delighted to see you here. I know that you have some very strong views with respect to the system and we are here to hear them.

STATEMENT OF HON. LAWRENCE J. KORB, ASSISTANT SECRETARY OF DEFENSE, MANPOWER, INSTALLATIONS, AND LOGISTICS

Dr. KORB. Thank you very much, Mr. Chairman and Senator Glenn, Senator Goldwater.

I do welcome this opportunity to be here today to talk about the military retirement system. We all know it has received considerable attention in the media very recently, but this is not new. It has been studied in varying degrees of depth about 10 times over the past 35 years.

The most recent study was completed by the Fifth Quadrennial Review of Military Compensation. In my view—and I am slightly biased since I was the director of the study—I believe it is the most comprehensive of all the studies, because it is the only study to clearly analyze the impact of changes to retirement on the composition of the Active Force.

As you know, we issued our report a year ago, after about 18 months of intensive effort. And because of its informed evaluation of the retirement system, I will refer to it from time to time during the rest of my statement.

I am going to do two things this morning. I want to present some basic facts about the system and then comment on the criticism raised by various groups and individuals. The military retirement system is composed of three sub-systems: nondisability, disability, and Reserve Force elements. I will focus on the nondisability subsystem, which has as its purpose to help man the Active Force, and when I refer to the military retirement system in the rest of my statement that is the portion I am referring to.

MILITARY RETIREMENT SYSTEM

As Senator Glenn pointed out, this retirement system interacts with the other elements of compensation, complements personnel management laws and policies, to maintain a young, vigorous and mission-ready force, and to provide a reasonably competitive alternative military career by providing a measure of post-service financial security; and it also supports a mobilization base subject to recall in time of war or national emergency.

To fulfill its purpose, the system is now structured to permit voluntary retirement after completion of 20 years of active service. It is also structured—and people I think tend to forget this—to provide for mandatory retirement at various points, beginning at 20 years for certain grades. Together, the voluntary and mandatory features allow the services to regulate the flow of personnel to meet their force requirements.

Both voluntary and the mandatory aspects are closely tied to the promotion system. The voluntary mechanism permits the exit of members, at the discretion of the service secretaries, assisted with the individual's expectations of advancement and other considerations which affect their interest in future service. The mandatory system permits the services to remove from those ranks those no longer as competitive as their contemporaries for further advancement.

All retirements after 20 years entitle the member to retired pay equal to 2½ percent of final basic pay for each year of service. The maximum amount of retired pay is 75 percent of final basic pay. Now, this is true for all personnel who came on active duty on or before September 30, 1980.

Personnel entering active duty after that are entitled to the same multiple, but it is applied against the high 3-year average of basic pay rather than final basic pay. Our estimates show that this reduces the average value of retirement to those so affected by about 13 percent.

The military retirement system has always been noncontributory. However, personnel who separate before 20 years of service forfeit their retirement credit unless they remain active in the Reserve Forces or enter Federal civilian employment.

In brief, this is a description of the military retirement system. It is not simply an old age pension plan as found in other sectors, nor was it ever intended to be. It has no vesting, no capital accumulation, no deferred income provisions, no thrift features, and no matching supplemental plans which are found in other pension plans in the private sector.

It does not look or operate like private sector pension plans because it is more than that. It must serve national defense policy. And comparisons to other systems become suspect unless there is a commonality of purpose and requirement in those other systems. Lacking that, direct comparison becomes one of form and structure, not substance.

Now, let me make some comments on the most viable criticisms of the uniformed services retirement system. One of the most undeserved criticisms leveled at the Department of Defense is that it has done nothing to offer changes to the system. Nothing could be further from the truth. We have been told from time to time, if we do not make recommendations for change, Congress will, and yet the record shows that the Department has made suggestions.

RETIREMENT MODERNIZATION ACT

In 1974, the Department submitted a legislative proposal called the Retirement Modernization Act. It was resubmitted again in 1975. In 1979 the Department submitted the Uniformed Services Retirement Benefits Act.

Many who also argue for change believe the system is too expensive. They believe we let people retire too early and pay them too much. Let us take a close look at each of those arguments.

The argument that the system is too expensive begs the question. If it is, how much are we willing to pay? Will what we are willing to pay buy the force readiness that is necessary?

Those not able to give definitive, supportable answers to that question must be asked on what grounds they make the charge. In my view, none of the critics have satisfactorily answered that question.

Even harsh critics of the military retirement system, including the Grace Commission, have concluded that the military retirement system should be better than the private sector plans because of the unique nature of military service and therefore a higher cost is justified.

GRACE COMMISSION REPORT ERRONEOUS

In terms of a percentage of pay, military retirement costs from about 1.2 to 1.5 times more than the average private sector plan. It is unfortunate that erroneous assertions like the Grace Commission say the system is 6 times more costly than private sector plans. Not only is it a problem that such assertions are made, but they are continually quoted and accepted at face value. These are not only misleading, but they create public concern and anxiety among the members of the Armed Forces.

We must remember that we made decisions in the past to build and maintain the largest peacetime standing force in our history. The result of these decisions is now reflected in the size of our retired population and related costs. Currently we have about 1.1 million nondisability retirees. The number is expected to peak at about 1.3 million in 15 years and then level off.

Over the past 30 years the growth in the size of the retired force has accounted for only 19 percent of the increase in retirement costs. The main driver of the increase has been inflation, which has accounted for 55 percent of the increased costs. Basic pay raises have accounted for another 20 percent. The remaining 5 percent is due to adjustments in retired pay.

We have now a mature, stable retired population, and the cost of that retirement system, if no changes are made, is expected to remain less than 25 percent of the military personnel budget and about 6 percent of the overall defense budget. Scare figures based on current year dollars instead of constant dollars are not useful and distort the objective consideration of the relative cost of the system.

In my view, the Congressional Research Service is correct in substantiating that there is relatively little that can be done to reduce Government outlays for retirement in the near term, short of brutalizing those who have served. As has been mentioned by the Senators in their opening statements, we have a legal and moral obligation to pay. The cost is part of the price for service rendered and for current and future readiness.

SYSTEM TOO GENEROUS

Let me turn briefly now to the criticism that the system is too generous. Here are the facts. Retired pay is often represented as 50 to 75 percent of final compensation. That is not true. Retirees actually receive between 38 percent and 57 percent of their military compensation, which is made up of basic pay plus quarters and subsistence allowance, and if one takes into account the special and incentive pays which most people in the service receive, the percentage that retirees receive is actually lower than the 38 to 57 percent range.

Military retirement benefits are not lavish. The typical retiree is an E-7 who receives about $950 in retirement income per month after 22 years. Over 48 percent of our retirees draw annuities which are below the poverty level for a family of the size of four.

The Quadrennial Review of Military Compensation analysis showed that when they transition to civilian life, career military people initially tend to earn some 20 to 27 percent less than their counterparts in the civilian community, and that gap is never made up. The lifetime losses amount to over 20 percent on average.

There are few who would argue that military retirement should not equal the best in the private sector. The nature of military service—frequent moves, restriction on personal freedoms, family separation, exposure to danger—merits a system that gives people an incentive to make sacrifices. Yet we find that there are some private sector plans that can be considered better.

The present value of the future benefits for retirees has been reduced by some 15 to 20 percent as a result of actions over the past few years. We have reduced COLA's for the past 3 years and there is a proposal to freeze COLA this year; and the high 3 averaging that I mentioned just a moment ago.

Yet the myth that the system is overly generous continues to be perpetuated. The fact is that the system compensates people fairly for past service and for remaining available for recall. Our mobilization plans include recall of about 61 percent of our retirees. Thousands already have their recall orders in hand. Also keep in mind that many retirees are restricted in post-service employment.

It seems to me that from 37 to 58 percent of basic military compensation is not an inordinate amount to pay for what the Supreme Court has characterized as "reduced pay for reduced levels of military service."

Before concluding, I would like to briefly comment on two very recent analyses of the retirement system, one by the Center on Budget and Policy Priorities and it is entitled "The Military Payoff," and also on the Grace Commission recommendations. In my view, both of these are examples of the kind of criticisms that are constantly leveled against the military retirement system.

The major point in the military payoff report is that military retirement outlays are larger than other social programs, like food stamps, aid to families with dependent children, or supplemental security income. That is an interesting point, but it is not a benchmark from which to draw logical conclusions. I know of no private or public sector retirement program that is established and maintained on ratios with any kind of social programs.

The report also alleges that the system "provides high levels of benefits to a small and mostly affluent segment of society." It notes that "60 percent of all military retirement benefits go to the wealthiest fifth of all U.S. households."

Again, I do not see the relevancy of this particular point. I think the American dream is that we should tell people to succeed, and I see no reason to penalize an individual for success by reducing the earned retirement to the income of individuals of the lower one-fifth income bracket.

The report also says that the retirement system encourages young officers to retire early, at the peak of productivity. The fact of the matter is—and I cannot emphasize this point too much—that an individual is better off financially if he or she stays in the system to 30 years.

For example, an 0-5 who retires at 42 with 20 years of service, rather than say at 52 with 30 years of service, would have to earn $43,000 a year after taxes for 10 years, in addition to his retirement annuity, to break even. Post-service earnings data indicate that very few make that much.

The reason for a career short of 30 years does not lie with the retirement system. The QRMC analysis also showed that the cost of a 30-year retirement system is higher than the present system.

The Grace Commission, based in my view on faulty assumptions on costs, recommended a 75-percent reduction in the value of retired pay, without looking at the value of retired pay, without looking at the impact that such a reduction would have on force readiness. Our analysis shows that, if implemented, the Grace Commission reductions would reduce the career force of officers by 15 percent and enlisted by 22 percent, and unless we offset this by other compensation the reduction would be very serious.

Let me just briefly summarize. I have tried to lay out for you this morning the uniformed services retirement system and its criticisms. I do not believe that the military retirement system is a deplorable thing. I believe it is less costly compared with private systems than its critics contend, and it is a rational solution to the most critical problem facing the military, and that is manpower readiness.

YOU GET WHAT YOU PAY FOR

There is an old saying: You get what you pay for. That was borne out by the experience of manpower readiness in recent years. In the late seventies the Armed Forces struggled to recruit and retain the high quality personnel that they needed, but yet we had a hemorrhage of talent that depleted the ranks of experienced pilots, non-commissioned officers in the Army and petty officers in the Navy.

The problems have largely been solved, with the help of this committee and the Congress, through improved competitive compensation founded on a stable retirement system. This has been the thing that has restored the attractivenes of the military career. We must be very careful not to reverse our course by eroding the very foundation of the recovery.

Finally, we face very difficult decisions in formulating our budget for fiscal year 1986. These decisions result in a scaled-down compensation program which included only a 3-percent pay raise, which would not close but only slow the rate of growth and the gap between the military and private sector pay.

This decision, coupled with a decision not to provide a COLA increase to retirees and a more difficult employment market, led us not to make recommendations for changes to the retirement system this year. This does not mean that we are unalterably opposed to change, but that a responsible recommendation must be weighed by its impact on readiness.

I would like to say, as has been stated in the opening comments, we must honor our commitments to our active duty and retirees, and that in a debate about this subject we must get our facts straight, because it seems to me many times the critics and the defenders of the system are arguing past each other.

Thank you very much, Mr. Chairman.

[The prepared statement of Dr. Korb follows:]

PREPARED STATEMENT OF DR. LAWRENCE J. KORB, ASSISTANT SECRETARY OF DEFENSE, MANPOWER, INSTALLATIONS AND LOGISTICS

Mr. Chairman and members of the committee. I welcome the opportunity to be here today to talk about the military retirement system. Although the subject has received considerable attention in the media recently, it has been studied, in varying degrees of depth, 10 times over the past 35 years and the debate over its merits has waxed and waned over the same period. In order to consider objectively the testimony you will receive today, I believe it would be helpful for me to present the basic facts about the system and then comment on the major criticisms that have been raised by various groups and individuals.

The most recent study of the military retirement system was completed by the Fifth Quadrennial Review of Military Compensation (5th QRMC). As you may know, I was the director of this effort.

Of all past studies, it is the most comprehensive. It is also the only study that has clearly analyzed the impact of any changes to the system on the composition of the active forces. The 5th QRMC issued its report in January 1984 after over one year of intensive effort. Since the report bears directly on any informed evaluation of the military retirement system, I would like to refer to it from time to time in the rest of my statement.

THE MILITARY RETIREMENT SYSTEM

When people talk about the military retirement system, they are usually referring to the non-disability retirement sub-system for the active force. The other subsystems are the disability retirement system and the program for our Reserve forces not on active duty. These other two components of the total system differ in both objective and structure from the non-disability sub-system for the active force. I will confine my remarks to the non-disability sub-system for the active force, and for the sake of simplicity refer to it in the rest of my statement as the military retirement system.

The military retirement system is one of the basic elements of the total compensation system. It interacts with other elements of pay and benefits, and complements personnel management laws and policies to shape the personnel inventory to meet national security objectives. The system is designed to ensure that three vital needs are fulfilled. They are:

A. To maintain young, vigorous and mission-ready forces capable of operating efficiently both in times of peace and war by providing for a continuing flow of officers and enlisted personnel through the services' required personnel structure;

B. To establish the choice of a career in the Uniformed Services as a reasonably competitive alternative by providing a measure of financial security after release from active duty for service members and their families; and

C. To support a mobilization base of experienced personnel subject to recall to active duty during time of war or national emergency.

In order to fulfill its purpose, the military retirement system is structured to permit voluntary retirement after completion of 20 years of active service. It is also structured to provide for mandatory retirement at various tenure points beginning at 20 years of service for certain grades. In concert, the voluntary and mandatory features allow the Services to regulate the flow of personnel into, within, and out of the force to meet their force requirements. Of the non-disability retirements last year, over 90 percent were voluntary.

Both the voluntary and mandatory aspects of the system are closely tied to the promotion system. Control of the timing and rates of promotion regulates the flow of retirements at various points beginning at 20 years of service. The voluntary mechanism permits the exit of members, subject to the discretion of Service Secretaries, consistent with their individual expectations of future advancement and other considerations which affect their taste for further service. The mandatory system permits the Services to remove from the ranks those individuals who are no longer as competitive for further advancement as their contemporaries. The interactive nature of the system is described in more detail in the report of the 5th QRMC. In round numbers, about 20 percent of officers eligible to retire do so each year. By contrast, about 28 percent of the eligible enlisted members retire each year. The average age for officers at time of retirement is 46 with 23 years of service; the corresponding age and years of service for enlisted members is 42 and 22, respectively.

All retirements after 20 years of service entitle a member to retired pay equal to 2½ percent of final basic pay for each year of service. The maximum amount of retired pay is 75 percent of final basic pay—not total pay. This is true for all personnel on active duty on or before September 8, 1980. Personnel entering active duty after that date are entitled to the same multiple: however, it is applied against the high-three year average of an individual's basic pay instead of final basic pay. We estimate this reduces the overall average value of retirement for these personnel by about 13 percent, depending upon actual grade and years of service of the retiree.

Military retirement is, and has always been, noncontributory. Similarly, there is no vesting of retirement entitlement for service less than 20 years. Personnel who separate before they have served at least 20 years may effectively forfeit retirement credit for such service unless they remain active in the military reserve forces or enter federal civilian employment. In such cases, they may credit past active service in computing their retired annuity under applicable reserve or federal civil service retirement laws. In fact, these personnel are a primary source for manning our reserve forces.

Until October 1, 1984, the military retirement system was on a pay-as-you-go basis. On that date, the Department was required by law to budget for all future retirement costs. The unfunded liability of retirement costs up until that date was assumed by the Treasury and an amortization schedule will be established to liquidate the debt over a period of time to be determined soon by the Department of Defense Board of Actuaries. The current unfunded liability is estimated at $530 billion.

The first-year—fiscal year 1985—accrual cost to the Department of Defense was $17.0 billion; the fiscal year 1986 cost will be $18.2 billion. Under this funding system, the Department sets aside funds in the Treasury to take care of all future retirement costs. This funding system forces management to consider the cost of retirement in making resource trade-offs in the budget process.

This, in brief, is a description of the military retirement system. It is not simply an old-age pension plan as found in other sectors, nor was it intended to be. In form, structure, and purpose it is different from old-age income maintenance pension programs. There is no vesting, no capital accumulation, no deferred income provisions, no thrift features, and no matching supplmental plans. In short, it does not look, or operate, like a private sector retirement pension plan for a very good reason. It must serve national defense policy. It must respond to active force requirements, and provide sufficient incentive to permit the Services to retain the right kinds and right quality of members. Comparisons made to other systems become suspect unless there is a commonality of purpose and requirement. Lacking that, any direct comparison simply becomes one of form and structure, not substance.

COMMENTS ON CRITICISMS OF THE UNIFORMED SERVICES' RETIREMENT SYSTEM

One of the most undeserved criticisms leveled at the Department of Defense is that it has done nothing to offer any changes to the system. We have been repeatedly told that if we do not make recommendations for change, the Congress will. The implication is that defense officials have done nothing but support the status quo. That assertion is not supported by the facts. In 1974, the Department submitted to the Congress a legislative proposal known as the Retirement Modernization Act (RMA). It was resubmitted in 1975. In 1979, the Department submitted the Uniformed Services Retirement Benefit Act (USRBA) to the Congress.

Most of those who argue for change do so because they believe the system is too expensive. They say we let people retire too early and that we pay them too much. Let me examine each of these arguments.

The argument that the system is too expensive begs the question—if it is too expensive, then how much is one willing to pay, and will what one is willing to pay buy the force readiness necessary? Those who make the argument but are not able to give a definitive, supportable answer to the question must then be asked on what grounds they make the charge. If I tell you that in shopping for a car I came upon one that I considered too expensive, I must know how much I am willing to pay and what trade-offs in performance I am willing to make. None of the critics who claim the system is too expensive have satisfactorily answered this question.

I believe it is important to note that even harsh critics of the military retirement system, including the Grace Commission, have concluded that military retirement should be better than private sector pension plans because of the unique nature of military service, and therefore a higher cost can be justified. Analyzed in terms of a percentage of pay, the military retirement system costs only 1.2 to 1.5 times more than the average private sector plan. These figures, developed by the 5th QRMC, have been corroborated by the Congressional Budget Office and the Congressional Research Service. It is unfortunate that erroneous assertions, such as the one made by the Grace Commission that the system is six times more costly than private sector plans, are continually quoted and accepted as fact. Such pronouncements are not only misleading, but create public concern and anxiety among members of the armed forces.

In addressing the cost of the system, we must remember that we made decisions in the past to build and maintain the largest peacetime standing force in our history. The result of these decisions is reflected now in the size of our retired population and its related costs. We currently have about 1.1 million non-disability retirees. Assuming current mortality experience, that number is expected to peak at about 1.3 million in 15 years and then level off. Over the past 30 years, growth in the size of the retired force has accounted for only 19 percent of the increase in retirement costs. Inflation accounted for 55 percent of the increase, basic pay raises accounted for 21 percent, and the remaining 5 percent was due to adjustments in retired pay. The fact is that we have a mature, stable retired population whose cost is expected to remain at less than 25 percent of the military personnel budget and about 6 percent of the DOD budget. Scare figures based on current-year dollars instead of constant dollars that have been used by some to discuss past or future cost trends are not useful and distort objective consideration of the relative cost of the system.

The Congressional Research Service, in its recent analysis of the report of the 5th QRMC, is correct in substantiating that there is relatively little that can be done to reduce Government outlays for retirement in the near term short of "brutalizing" those who have served. The fact is that we have a large, stable retired population that we have a legal and moral obligation to pay. The cost is part of the price for service rendered and for current and future readiness.

Let me now turn to the criticism that the system is too generous. Here are the facts.

Retired pay is often represented as 50 to 75 percent of final compensation. This is inaccurate. These figures are percentages of basic pay only. Retirees actually receive somewhere between 38 and 57 percent of their military compensation (basic pay plus quarters and subsistence allowance). Moreover, if one takes into account special and incentive pays which are included in the total pay that many of our people receive, percentages that retirees receive are lower than the 38 to 57 range.

Military retirement benefits are not lavish. For example, the typical retiree is an E-7 who receives about $950 in retirement income per month after 22 years of service. Over 48 percent of current retirees draw annuities that are below the poverty level for a family size of four. The 5th QRMC analysis showed that when they transition to civilian life, career military personnel initially tend to earn 20 to 27 percent less than similarly educated workers in the civilian community. Although this gap narrows over time, it is never made up, and lifetime losses amount to over 20 percent, on the average.

Few would argue that the military retirement system should not equal the best private sector plan. The nature of military service, which includes frequent moves, restrictions on personal freedoms taken for granted in the private sector, family separations, and exposure to danger, merits a system that gives people the incentive to make these sacrifices. Yet, at least 10 percent of private sector plans are equal or better.

Another reality is that the present value of future benefits for retirees has already been reduced by 15–20 percent as a result of actions taken over the past few years. These include reduced cost-of-living allowances and the high-three year averaging for retirement computation.

Unfortunately, the myth that the system is overly generous continues to be perpetuated. The fact is that the system compensates our people fairly for past service and for remaining available for recall in time of need. With respect to this latter point, our mobilization plans include the recall of about 61 percent of retirees, thousands of whom have their recall orders in hand. These same retirees are also restricted by law in their post-service employment opportunities. It seems to me that 38 to 57 percent of regular military compensation is not an inordinate amount to pay retired members for what the Supreme Court has characterized as "reduced levels of military service."

Before I conclude my remarks, I believe I should comment on a recent report issued by the Center on Budget and Policy Priorities—The Military Payoff (A Report on the U.S. Government's Most Generous Pension Plan), and the recommendations of the Grace Commission, because they both are common examples of the kind of criticisms leveled against the militarty retirement system.

The major point in the "military payoff" report is that military retirement outlays are larger than the Food Stamp program, Aid to Families with Dependent Children, and Supplemental Security Income. While this is an interesting point, it is not a benchmark from which one can draw any logical comparisons in measuring the value or worth of an earned annuity. I know of no private or public retirement program that is established and maintained based upon ratios with any of these social programs.

The report also alleges that the system "provides high levels of benefits to a small and largely affluent segment of society." It notes that "Sixty percent of all military retirement benefits go to the wealthiest fifth of all U.S. households." I do not see the relevancy of this point. It has always been the American dream to succeed. Starting at the bottom and working to the top in terms of job and income is worthy and honorable. I see no reason to penalize an individual who does this by reducing his or her earned retirement income to mirror the income of individuals in the lower one-fifth bracket. When one examines the military retiree population, it is very evident that the majority have achieved rank which is commensurate with private sector senior supervisors and executives.

The report also alleges that the retirement system encourages young officers to retire early at the peak of their productivity. The fact is the individual is better off financially if he or she stays for 30 years. For example, and 0–5 who retires at age 42 with 20 years of service, rather than at age 52 with 30 years of service, would have to earn, in addition to the retirement annuity, approximately $43,000 after taxes a year for 10 years after retirement to break even. Post-service earnings data indicate very few individuals retire and make that kind of money. The case of the 0–6 is more dramatic: That individual would have to earn approximately $66,000 after taxes a year for the 10 years following retirement at 20 years to break even. The reason for a career short of 30 years obviously lies somewhere beyond financial motivations.

Also, the cost of a 30-year system would be higher than the cost of the current 20-year system. An analysis conducted by the 5th QRMC showed that such a system would substantially reduce the size of the current career force because fewer members would choose to stay beyond initial obligation. The cost of restoring the career force to the current level, coupled with higher active duty and retirement costs as a result of increased longevity and higher rates of retirement pay, would more than offset the shorter period on the retirement rolls in the 30-year system.

The Grace Commission, based on faulty assumptions on cost that I addressed earlier, recommended a 75 percent reduction in the value of military retired pay with complete disregard of the impact such a reduction would have on readiness. Like the Center on Budget and Policy Priorities, the Grace Commission viewed military retirement as strictly a social program. According to the 5th QRMC analysis, the Grace Commissions's proposal would reduce the career force of officers by 15 percent and the career of enlisted personnel by 22 percent. These reductions, unless offset in other forms of compensation, would be disastrous. This conclusion has been verified by the Congressional Budget Office.

SUMMARY

In summary, I have described the Uniformed Services' retirement system and addressed some of the criticisms that have been frequently raised about the system.

The truth is, there is nothing deplorable about the military retirement system, and it is far less costly, compared with private systems, than its critics contend. Rather, it is a rational solution to what is perhaps the most critical problem facing the military: manpower readiness.

The old saying that "You get what you pay for" is clearly borne out by our experience with manpower readiness in recent years. In the late 1970s, the armed forces struggled to recruit and retain as many high-quality personnel as they needed. In fact, there was a hemorrhage of talent that depleted the ranks of experienced pilots, noncommissioned officers in the Army, and petty officers in the Navy.

These problems have been largely solved through improved, competitive compensation—founded on a stable retirement system—that has restored the attractiveness of a military career. We must ensure that, as the military nears desirable levels of manpower readiness, we do not reverse course by eroding the very foundation of this recovery. To do so would be to jeopardize the crucial investment we have made over the last 4 years.

Finally, let me say that we faced very difficult decisions in formulating the budget for fiscal year 1986. These decisions, which took into account national fiscal realities, resulted in a scaled-down compensation program which included a 3 percent pay raise advanced to July 1, 1985, that would not close but only slow the rate of growth in the gap between military and private sector pay. This, coupled with the decision not to provide a cost-of-living increase to retirees and the more difficult employment market we are beginning to encounter, led us not to make a recommendation for changes to the retirement system this year. In view of the uncertain future of the pared-down entitlements we have submitted to the Congress for consideration in our fiscal year 1986 budget, we believe this is prudent. This does not mean that we are unalterably opposed to change. However, we believe that any responsible recommendation must be weighed primarily on its impact on readiness. It must also honor the commitments made to those on the retired rolls.

Senator **WILSON**. Thank you very much, Dr. Korb.

You mentioned in your testimony that in 1974 and 1975 and again in 1979 the Department has submitted legislative proposals to the Congress which would have made sweeping changes to the military retirement system. Would you briefly describe these proposals?

RETIREMENT MODERNIZATION ACT

Dr. **KORB**. The Retirement Modernization Act of 1974 basically had lower multipliers for people serving less than 20 years. So if you served 20 years you would get a 35-percent instead of a 50-percent multiplier, and that would go up to 50 percent when you would have reached 30 years of service. It also increased the multipliers after 24 years, so that people who stayed beyond there would get a higher retirement.

It used a high one average of basic pay rather than the final basic pay, it also contained an integration with social security at age 65, and it included a payment for people who separated before 20 years.

The proposal in 1979 was somewhat similar. The multiplier below 10 years, instead of being 2.5 percent, would be 1.75 percent. It would go up to 2 percent between 11 and 20, and then after 20 would go up to 2.5 percent, so that a person staying for 30 years would get about 76 percent rather than 75 percent, and a member could retire after 20 years, but would receive an annuity of only 37½ percent of the high two basic pay.

It also has a Social Security offset in it. But it did have an early withdrawal, so that people completing 10 years of service could withdraw some of their benefits so that they can make use of that money while they still stayed in service.

Senator WILSON. All right. Bearing in mind the point that has been emphasized in your testimony and in the opening statements, that this cannot be made retroactive or that in fairness we have to honor the obligation that has been made to those who are presently retired and those who are on active duty at the present time, as a prospective change would you comment on the value of those earlier legislative proposals from the Department?

Do you think that they were not necessarily valid then, but do you think they are valid now?

Dr. KORB. I think that if one made it prospective, changes along those particular lines are viable proposals, because they take into account—they have offsetting features that would enable us to get the force mix. The point is, however, that those particular retirement proposals, did not do the analysis of the impact on the force structure. There was a kind of an intuitive feeling that they would not impact on it.

When we did the Fifth Quadrennial Review of Military Compensation, we did the force structure impact analysis, and basically what that told us is that if we reduce the multiplier somewhat, reduced COLA guarantees, and provided some offsetting feature, an early withdrawal which was similar to the proposal of the Carter administration, in fact you could begin saving money in the long term without impacting on force readiness.

So I think those are the things that must be recognized if we are interested in making changes. We have to recognize that there have to be some offsetting features, like the early withdrawal, in order to get you the same force structure.

Senator WILSON. A common feature of the proposals you described and those options recommended in the Fifth Quad contain this concept of early withdrawal. How important is this concept to changing the current system, and what really is the value that is argued to exist for this kind of early withdrawal?

Dr. KORB. I think what that does is to captialize on what the economists would call the present value, or the individual's discount rate, by giving a person money up front. In fact, all of the analysis shows that they value it more and would be willing to give up money over the long term.

One of the features of the Quadrennial Review would give you two or three times your basic pay, and in return for that you would give up the COLA protection and you would take a lower multiplier. So in effect, a person would get $50,000 at the time that they retired, and if they used that money very wisely they could in fact actually make money over the long term, with $200,000 reduction in the real value of their benefits.

Senator WILSON. It would seem that the value of that, then, would be to induce a change in status so that long term portends less cost to the total system per individual retiree. On the other hand, it looks like a device to induce people not to stay.

And the question I would have is, since the Fifth Quad did consider force requirements, the actual strength and the classifications that we wish to retain, how does that fit into the overall personnel planning requirement?

Dr. KORB. Well, the way we handled that was to increase the multiplier after 20 years of service. So in fact, if you stayed after 20 years it would be more worth your while. If you did stay 30 years, you would be back up to 75 percent, as you are under the present system. That was the way that we tried to handle that particular situation.

That was also the way that the other proposals, both the proposal in 1974 and 1979, did it—the multiplier would go up if you stayed beyond the 20-year point.

Senator WILSON. So the way it operates, you actually have a system in which people are induced or at least offered an inducement to leave early, based upon, I gather, the commonsense expectation that if you think that you have got a rather promising career and may wind up with stars on your shoulder you may stay. But if you think that perhaps that is not the likelihood, you may be induced to leave at an earlier time, get that lump sum that will allow you to transition to civilian life and to a second career; but that in order to provide career inducement for those who really wish to make it a career, that after the time of 20 years the multiplier increases again.

Dr. KORB. That is correct.

DOPMA—OFFICER PERSONNEL MANAGEMENT ACT OF 1980

Senator WILSON. Let me ask you some questions about DOPMA, the Officer Personnel Management Act of 1980. I understand there are selective continuation authorities in the law that permit the retention of certain officers beyond their normal tenure points. This authority granted by the act I know has been used, but I really do not have a precise idea of the extent to which the services are making the most of these provisions.

And I would be interested if you could both summarize them briefly and also comment on the extent to which the services are using them.

Dr. KORB. I would be happy to. As you know, right now the law requires that a captain or a lieutenant in the Navy who twice fails for selection to major or lieutenant commander must be discharged. The same is true for a major or a lieutenant commander who twice fails promotion to the next higher grade.

However, with this selective continuation provision now in title 10, the secretaries of the military departments can convene a board to continue officers on active duty based on the needs of the services. A captain or a Navy lieutenant can be continued until he or she completes 20 years of active commissioned service and a major or a lieutenant commander can be continued until 24 years.

Lieutenant colonels or commanders normally must retire after 20 years of active commissioned service, and full colonels or captains after 30. The selective continuation provision allows those people to stay 33 years and 35 years, respectively.

We have made use of that provision. For example, in fiscal year 1984, the last full year for which we have the data, the Army continued about 245 O-4's on active duty who otherwise would have been discharged and 42 O-3's. The Navy in 1984 continued on active duty 21 O-4's. The Air Force continued one O-5, three O-4's, and 325 O-3's. The Marine Corps did not find that they needed to continue anybody on active duty beyond their mandatory retirement date.

Senator **Wilson**. And the real purpose of these provisions is to afford a very selective exception to what would otherwise be an automatic up or out rule?

Dr. **Korb**. That is correct.

Senator **Wilson**. I would appreciate your submitting for the record the actual numbers that have been used in each of the services for each of the years since 1980.

[The information follows:]

SELECTIVE CONTINUATION ACTION

A table listing by service and by grade the number of officers who have been continued for fiscal year 1980 through 1984 follows. It should be noted that O-3 and O-4 officers listed for the Army and the Air Force include both Regular and Reserve Officers.

Service and fiscal year	Grade	Number (Reg-Res)	Grade	Number (Reg-Res)	Grade	Number (Reg-Res)
Army:						
1984			0-4	208 (204-4)	0-3	32 (12-20)
1983			0-4	238 (223-15)	0-3	63 (27-36)
1982			0-4	125 (0-125)	0-3	166 (0-166)
1981			0-4	76 (0-76)	0-3	209 (34-175)
1980			0-4	158 (0-158)	0-3	165 (0-165)
Navy:						
1984			0-4	21 (21-0)	0-3	
1983[1]						
1982[1]						
1981[1]						
1980[1]						
Air Force:						
1984	0-5	2(2-0)	0-4	484(321-163)	0-3	230(106-124)
1983	0-5	0	0-4	0	0-3	376(251-125)
1982	0-5	1(1-0)	0-4	0	0-3	227(0-227)
1981	0-5	0	0-4	0	0-3	194(0-194)
1980	0-5	0	0-4	0	0-3	373(0-373)
Marine Corps:						
1984			0-4	2 (2-0)	0-3	
1983[1]						
1982[1]						
1981[1]						
1980[1]						

[1] Did not continue any officer grades.

Senator **Wilson**. I know that one of the concerns about using these provisions is that promotions would be slowed down. Could you tell us what the DOPMA promotion points are and how each service is promoting its officers using this system of points?

Dr. **Korb**. For the last 3 years, which is all the data we have since the passage of DOPMA, all the services have done an excellent job of meeting their promotion timing windows, and I can show you—I think it would actually be better if I furnished the data for the record, but let me summarize by saying, all of the services are meeting the quotas laid down in DOPMA. In fact, they are doing better.

So promotions have not in fact been slowed down by the selective continuation authorities.

Senator **Wilson**. That almost gives rise to the question as to whether or not the selection process providing exceptions to the up-or-out has been used to the extent it was hoped for and whether or not it is really being effective.

You have a difficult balancing act, admittedly, because you do have two almost conflicting considerations, which of course have been inherent in the process from its beginning, which is why you have tried both the selective and voluntary mechanisms.

We would like for the record the data relating to promotions and the point system.

[The information follows:]

PROMOTION OPPORTUNITY AND TIMING

The following table is provided for fiscal year 1980–84 delineating the promotion opportunity (%) and timing (years-Y and months-M) for commissioned officers promoted to pay grades O–4 through O–6.

Service and fiscal year	Promotion to—					
	0-6		0-5		0-4	
	Percent	Y-M	Percent	Y-M	Percent	Y-M
Army:						
1984	59.3	22-3	84.9	16-8	86.1	11-2
1983	57.0	21-11	87.0	16-5	87.0	11-7
1982	60.0	21-8	77.0	15-11	87.0	11-5
1981	57.4	21-7	72.1	15-10	75.0	11-2
1980	52.7	21-7	72.0	15-11	74.4	10-11
Navy						
1984	60.0	21-3	75.0	15-1	84.0	9-4
1983	61.0	21-5	80.0	14-9	85.0	9-2
1982	60.0	21-6	82.0	14-9	90.0	9-2
1981	70.0	21-5	85.0	14-8	95.0	9-0
1980	62.5	21-9	80.0	14-9	90.0	9-3
Air Force						
1984	55.0	20-8	75.0	16-3	90.0	11-7
1983	55.0	20-6	75.0	15-9	90.0	11-8
1982	55.0	20-6	75.0	15-9	90.0	11-10
1981	55.0	20-8	75.0	15-9	90.0	11-9
1980	55.0	20-8	75.0	15-8	90.0	11-7
Marine Corps						
1984	60.0	22-2	75.0	16-0	80.0	11-1
1983	60.0	21-9	75.0	15-10	80.0	10-4
1982	60.0	22-11	75.0	15-0	80.0	10-9
1981	60.0	22-2	75.0	15-3	80.0	9-8
1980	60.0	22-4	75.0	15-3	85.0	10-0

Senator Wilson. One of the objectives of the recommendations made by the Fifth Quad with respect to compensation was to encourage longer periods of service beyond 20 years. You think this is desirable, obviously.

Dr. KORB. I think it is desirable, but you have to put this into context. If people stay longer than they are staying now, your base pay costs are going to go up. Now, true, you will have a more experienced force, and if we can somehow translate that experience into a smaller force then we would have some offsetting savings. But our Active duty manpower strengths are so far below where we would like to have them that we are nowhere near that particular situation yet.

I tried to point out in my statement, and I cannot emphasize this too much, those who are arguing we should keep people in service longer have to recognize that unless you change the size of the force, your compensation costs will go up and your retirement costs will go up, because each year that the individual stays in beyond 20 increases the value because the multiple keeps going up. Plus, you get what the military would call fogeys, or increased levels of compensation, at the longevity increases at 22 and 26 years, and normally people get a promotion.

So that in fact the cost to the Government is more if the person stays for 30 years.

Senator WILSON. It is in the case of that individual. And yet, presumably by his staying beyond what might be the normal expected tenure it has an effect on others following him in the system.

Dr. KORB. That is correct.

Senator WILSON. And presumably the experience has been, and I gather was expected to be, that the total number going through the system is reduced.

Dr. KORB. That is correct, even with that offsetting, and we did that in the fifth QRMC. Even with that offsetting cost and the decrease in training costs, it is still more expensive. And you are right, there are offsetting costs.

Senator WILSON. Be clear for the record on that: Which is more expensive?

Dr. KORB. It is more expensive to keep people—let us say the average retirement age now is 43 after 21 years of service. Let us say we move that up to 25 or 30 years of service and the corresponding ages would go up. You then say because you have more experienced people you would in fact need less people. In other words, two experienced people can make up for three people in the force. For example, even with the offsetting—you reduce training costs, taking in fewer number of accessions-it is still more expensive to the Government to have that particular force.

I understand that this is counter-intuitive, and we went over that carefully in the fifth QRMC, because that is something that I think we have to consider when we make these decisions.

Senator WILSON. You are saying that if people are persuaded to stay and do stay longer, that in the case of that individual whose tenure is extended the costs to the Government go up for the reasons that you indicated?

Dr. KORB. That is correct.

Senator WILSON. For the record, is the reduction in the number of people coming through the system an offset to those increased individual costs?

Dr. KORB. It is an offset, but it does not totally offset it. That is the point that I am trying to make.

Senator **Wilson**. So what you are saying is that there is actually an increased total cost?

Dr. **Korb**. That is correct, but you get more productivity because you have a more experienced force. So you are paying for more experience, if you will.

Senator **Wilson**. Was the basic reason for this change a need felt by the services to require more people with more experience? In other words, it would seem that it was a change dictated not by cost savings, since in fact overall there are not cost savings, but by the requirement of longer tenure of experience.

Dr. **Korb**. In the QRMC, what we tried to do was show that if you wanted to keep people longer, here were the types of incentives that you could use, and in this case the increased multiplier. We did not say that you wanted to. We took the force structures that the services gave us. We did not analyze the force structure.

What we did was ask the services to tell us the type of force structure that they wanted. We took that force structure and then said OK, if we adopt this proposal or that proposal, as well as proposals that people had been talking about, this will be the impact on the force.

If, for example, you want a more experienced force, this is one thing that you can do. And in certain cases, it can be managed. You give a person incentive to stay beyond 20 years and if you do not want that person to stay beyond 20 years, you can always retire them mandatorily because you may not have promotion room. So you can manage it if you want.

Senator **Wilson**. And what has been the actual experience? Do the services want more experienced people? Are they making an effort to keep them longer?

Dr. **Korb**. Right now we are working within the system that we have. The incentive is that you get a longevity increase after 22 years and after 26 years. That is the incentive. Actually, from the individual's point of view, since the incentive is there, the question is, if the man or woman leaves, why are they leaving?

It must be something else that is driving them. In other words, financially it is not driving them out. People think it is. That is the intuitive notion: Well, gee, I am only working for half pay and I ought to go out, and I could make my income more. That is simply not true.

And if we also look at, as I mentioned in my statement, an O–5 that gets out at 20 years instead of staying for 30 years, your after-tax income to make up for what you are losing has to be $43,000 a year. That is a very, very high after-tax income.

Senator **Wilson**. Do we conduct exit interviews with officers?

Dr. **Korb**. Yes, we do.

Senator **Wilson**. I know we did with enlisted personnel. Do we, from those interviews, have a sufficient body of evidence that would indicate that there is a time when officers who are contemplating voluntary retirement feel that they must get out in order to be marketable?

Dr. **Korb**. That is a consideration. Normally, that is what happens. If you take a look at the fact that we have a lot of folks who do not want to get out, which we make get out because they are not being promoted—that is particularly true with officers.

Enlisted is a different situation. I think by and large the situation you have with enlisted people is that they stay for 20 years, and then it is things like family considerations, wanting to settle down. Their promotion opportunities are not as great as for officers. If you take a typical enlisted career, after your first enlistment if you are reasonably sharp you are an E-5. There are only four more rungs to go and usually the 8's and 9's are harder to make than flag officers, practically. So the promotion opportunities are not there. They are usually looking to settle down.

With officers, you find much more it is the job satisfaction. If the job is satisfying them, if it is still challenging, there are still opportunities, then they usually will stay.

Senator **Wilson**. Have you been able to find out, is there an age at which the civilian marketplace seems to say, either come now or we are not going to be able to use you.

Dr. **Korb**. I do not have any precise data on that. I think what you are seeing, is changing because people are living longer, they are working longer now. The mandatory retirement age laws are changing. So I do not know.

Senator **Wilson**. I think you should try to find that out, because it seems to me that the offsetting phenomenon in the civilian marketplace is that there is an increasing amount of attention paid to youth, in part driven by concern about participation in pension, pension trusts, and profit sharing.

I think one of the questions that the Department should be asking as well is, do retirees and particularly officers who seek voluntary retirement find that they encounter resistance based upon their entry level at an advanced age into a particular kind of occupation?

Well, let me ask one final question before I yield to Senator Glenn. In an earlier hearing before this subcommittee, Dr. Korb, you indicated that one reason the Department had not endorsed any of the recommended alternatives of the Fifth Quadrennial Review was concern that Congress would adopt only selected portions of the proposals, and specifically you feared that they would adopt those which reduced retirement benefits, but would not adopt the other portion, referred to as early withdrawal.

Recognizing that neither I nor any other member of the subcommittee can guarantee that Congress will do anything—in fact, I am reminded of the marvelous quote from the New York Surrogate Court in the 1880's that no man's life, liberty, or property is safe while the legislature is in session.

With that uncertainty as background, let me just ask, if it were possible to guarantee that all features of the Fifth Quadrennial Review proposal would be enacted, would the Department then recommend enactment of one of these proposals? And if so, which one?

Dr. **Korb**. I would say that the chances of the Department recommending would be increased, but obviously you would have to get the opinion of the Joint Chiefs of Staff and other affected people. I indicated in my previous testimony that was one of the reasons why it is very difficult to sell the proposals.

But certainly, I think that if we could have that guarantee, it would be easier to get the Department on board for one of the proposals. Recognizing that our Department is four or five departments in one, it is very difficult to get agreement on many things.

Senator WILSON. Taking a more optimistic view, clearly, than the Department has taken in the past, have you made that consultation with the Joint Chiefs, with the departments?

Dr. KORB. No, we have not.

Senator WILSON. I am going to ask you to do that. I have indicated that we intend a second hearing on this subject, at least a second hearing, and I would be pleased to welcome you once again so that you may share with us the results of your inquiry.

Senator Glenn?

Senator GLENN. Thank you, Mr. Chairman. Your comments on the dangers of the legislative process, of the union not being safe while we are in session, reminded me of the three greatest lies in the world. Number one is, I gave at the office. Number two is, the check is in the mail. And number three is, I am from the Federal Government and I am here to help you.

ALTERNATIVES TO CURRENT MILITARY RETIREMENT SYSTEM

Dr. Korb, the Fifth Quadrennial Review developed four alternatives to the current military retirement system. Could you briefly describe each of those alternatives. I do not believe those were outlined in your statement.

Dr. KORB. No, they were not. Essentially, what the QRMC did was to look at a reduced cost of living, a reduced multiplier, and then combinations of both. The first one was that the reduced COLA would be 50 percent of the CPI until age 62, reduced multiplier was 1.75 percent per year of service, and the combination was a tapered multiplier, and then there was a combination of CPI and lack of full COLA. But the concept was really the reduced multiplier, the reduced COLA, in return for the early withdrawal.

Senator GLENN. What are the principal drawbacks of these different alternatives?

Dr. KORB. If you accept the early withdrawal and the models that we used to predict behavior are correct, then there should be no degradation of force structure. The real problem is that it is very difficult to predict human behavior. It is very difficult to predict how people are going to react to changes in the system. We wanted to make these changes prospective. We did not want to have them impact on any people in the force, so it should have had no retention impact on the people already in the force.

We would have allowed people to change if they so desired, but we would not have forced them to do it. The real question is what would be the impact on people coming in, and to the best state of the art we thought that it would not impact on force structure.

The other problem that we have with the QRMC report—and it is the same thing with all of the others—is there are no savings in the short term. That is the basic problem, because if you protect the people in the system, in the force, obviously you are not going to make any short-term savings.

Senator GLENN. Well, we are trying to maintain combat capability here, in addition to making short-term savings. But of these alternatives developed by QRMC, which do you think has the most merit?

Dr. **KORB**. My personal view is that a combination of a reduced multiplier with reduced COLA and an early withdrawal is the best way to go. Now let me make a couple of points about that.

In fact, we have a reduced COLA. We have had half COLA. There is a proposal, the Senate Budget Committee has already said no COLA for this year. So in fact we already have that, and that is going to have impacts on force structure.

If we do nothing and if we do not have full COLA protection, for example if a person retired averages half COLA from the time that they retire until the time that they are age 62, that is a 25-percent reduction in the value of the system.

If you put in high three for the people already in the system, that is another 13 percent. In effect, there are people who are in the system now who have a 38 percent change or reduction in the value of their benefits.

One of the things I tried to emphasize when I did the QRMC was that if we do nothing those two changes are going to impact on force readiness. I am not a seer and I can no more predict what the legislature will do than anyone else, but I would say that based upon what I have seen in the past couple of years and the prospects for the future in terms of budget deficits, it is going to be very hard to get full COLA increases every year for people in the system.

Senator **GLENN**. Well, do you plan to make recommendations out of the QRMC?

Dr. **KORB**. Up to now, as I mentioned, this year we did not, because there was no COLA increase in the budget, we did not get the full raise that we would have liked to get for military people. So we felt that this year was not an appropriate time.

As I mentioned in my earlier testimony, the Department did not want to propose anything because of the fear that it might not be accepted as a package.

Senator **GLENN**. Well, I do not think that should stop you from submitting it. The administration has yet to take a position on these four alternatives as far as Congress is concerned, is that not correct?

Dr. **KORB**. That is correct.

Senator **GLENN**. And we are getting down now where we are halfway through to the time to the next QRMC. If you start this thing, it starts a year before so it comes up on its annual 4-year date. And if you start that, your report came out what, at the beginning of 1984?

Dr. **KORB**. Yes, sir.

Senator **GLENN**. So we are 1 year and 3 months into that thing right now, so we would normally be starting a year ahead to be—I guess January 1987. We are less than 2 years away from the start of the next QRMC and we have not done anything about the last one yet, is that correct?

Dr. **KORB**. That is correct.

Senator **GLENN**. Do you plan to make some recommendations out of this QRMC?

Dr. Korb. I have made my recommendations to the Secretary, and the Secretary and the President have to make that decision.

Senator Glenn. What has the Secretary indicated to you is his intent with this? Any intent?

Dr. Korb. He has not indicated any intent to me.

Senator Glenn. I wonder if we could—Mr. Chairman, I would suggest that we ask him if he intends to make recommendations.

Senator Wilson. That is the request that I am making. I want to know what the President's choice of the fifth quad options are.

Senator Glenn. The Senate Budget Committee report includes reconciliation instructions to this committee to make changes in the military retirement system that will save $100 million in 1986, $200 million in 1987, $300 million in 1988. And that is not going to be very pleasant. And they apparently recommended that we permit military personnel to remain in service until age 55 regardless of promotion to higher grade.

I gather you would not favor that proposal?

Dr. Korb. I would say that if you do that you may make some short-term savings in the retirement system, but you are going to increase your basic pay. I do not know what the net is going to be.

I think that right now we have a good system that allows selective retention of people who fail for promotion. That would seem to me to be the way to go, rather than just giving a blanket authority for everybody.

Senator Glenn. Well, those are big figures we are talking about there. They are not tiny little things we can ignore.

Do you have any alternative suggestions to how this particular subcommittee could make its recommendations to the full committee of targets for savings in the military retirement system that would reach any of those goals or even come closer to them, the goals that the Senate Budget Committee has laid out?

Dr. Korb. I have one question that I am not clear on, and that is, is the $100 million, $200 million, and $300 million reduction in the amount going out to people already retired or is it a reduction in our contribution to the accrual system?

Senator Glenn. Well, I do not know. It is the future cost of retirement, I am told by staff.

Dr. Korb. If that were the case, I think it is important to keep in mind that you are still going to have to pay the people out there, that you cannot take the money away from them. So what you are really talking about is a change in the Department's budget, but not a change in the overall Federal deficit.

That really will not affect the Federal deficit, because it goes into the accrual account. I would say the only way to accommodate a change of that size would be that we would have to make some changes in the system. In other words, there would have to be some structural changes in the system.

One way in which we might do it, we might accept the fact that we are not going to get full COLA, for example, not endorse it but accept the fact. And then of course your contribution would change, because right now the contribution into the accrual system is based upon people retiring and getting full COLA protection.

Senator Glenn. Dr. Korb, current law establishes very specific retirement requirements for officers. It does not say that much about retirement of enlisted personnel. What are the military services current policies for involuntary retirement of enlisted personnel?

Dr. KORB. I think it is based upon years of service and the grade level. It is similar to officers, though not as rigid. In other words, a person does not have to get out if they do not get promoted to E-4 or E-5 the first couple of times that they go up. It is a different type system.

But what happens is, when people get over 20 years then you take a look at the rank that they are at and then they have to leave at certain years of service.

ENLISTMENT AND RETIREMENT POLICIES BY SERVICES

Senator GLENN. Are enlistment and retirement policies similar across all the services, or do they differ from service to service?

Dr. KORB. The policies are generally similar. Although there are differences when it comes to the specifics because the services have different force structure requirements, and the propensity of people to enlist and remain in the services varies across the services.

Senator GLENN. To follow up on the chairman's questions of a little while ago, officers make up only one-third of all military retirees. Officer retired pay costs are roughly one-half of total nondisability retired pay costs. AUSA, Association of U.S. Army, recently came up with the position that it should be possible to lengthen the period of service for officers who are not forced out of service by the up or out system.

Although such a policy would increase the age of the officer force, in AUSA's view, to quote them, "this is not an overriding point." Do you agree with that?

Dr. KORB. I agree. I do not think that age is the same factor that it used to be, given the nature of the force that we have.

Senator GLENN. Well, if we are going to get longer service out of retirement-eligible officers, I get concerned about what happens to our combat efficiency here at a certain point.

Dr. KORB. There is a tradeoff, but I would say that, given the nature of modern warfare and the types of things that people do, as compared to what they used to do, given the health and vigor of people—people are living longer, people in their forties and fifties are in much better shape than they used to be—I do not see that it is a great problem lengthening the service.

Obviously you have to keep in mind you do have to maintain a certain vigor in the force. But I think that the AUSA proposal has merit.

Senator GLENN. In your QRMC report—and I have not—I do not know the answer to this; I am asking you—did you get into comparing such things as contractor maintenance and more civil service on bases to perform the routine base functions and logistics functions, as opposed to active duty personnel doing that, what the costs are, comparative civil service retirement and all, so that a whole career, we would see what it costs the Government?

In other words, can we give some of those functions to civilians that are logistics functions that will be on that base forever—and do we have figures such as shipboard contractor maintenance, where we were running short of people and we contracted with the manufacturers of the airplanes to actually provide onboard carrier maintenance and things like that?

Did the QRMC address those statictics to see what the overall costs career-wise would be?

Dr. KORB. The QRMC did not, but we have those statistics, and in fact our basic manpower philosophy is that if you have a function that must be done you look first to civilians. If it must be done by military, you look to Reserves, and then finally to Active duty.

Our problem in that area is, particularly with your colleagues in the House, they make it very difficult for us to contract out particular things that we would like. Generally what has happened is the Senate has pushed us to get things out of the Government and the House has tried to slow that down.

Senator THURMOND. Mr. Chairman, would the distinguished Senator yield for 10 seconds?

Senator GLENN. Yes, go ahead, Senator Thurmond.

Senator THURMOND. Mr. Chairman, I ask unanimous consent that my statement be placed in the record, and if Dr. Korb would be kind enough to answer a few questions for the record I would appreciate it.

Dr. KORB. Certainly.

Senator WILSON. Without objection, the prepared statement will be inserted in the hearing record at the appropriate place.

Senator GLENN. Doctor, your statement makes the point that the Defense Department has proposed changes to the military retirement system in the past. The most recent example you cite is the Uniformed Services Retirement Modernization Act, submitted to Congress in 1979. In fact, when this administration came into office in 1981 the Defense Department repudiated this proposal to change military retirement pay. Secretary Weinberger even included his repudiation of this legislation on his list of economies and efficiencies that he initiated to save money in DOD.

Has the administration made any substantive proposals to revise the military retirement system?

Dr. KORB. No, sir, it has not. The purpose of my putting those two proposals in was to say that the Defense Department, not this administration, had in fact made proposals in the past. What I think we have to be very careful of, if you take a look at both of those proposals, one of which was made by a Republican administration and one of which was made by a Democratic administration, is that they created a great deal of anxiety out in the field and we never even held hearings on them. In fact, the proposal of the Carter administration could not even get a sponsor.

So this is our concern. Also, quite correctly, the proposal made in 1979 would have had short-term costs to it.

Senator GLENN. Do you look at that as being a legitimate item to be put on the list of economics and efficiencies that were initiated to save money?

Dr. KORB. If I had been asked about that, I would not have suggested that that go on.

Senator GLENN. I would agree with you completely on that one.

SUBJECT TO ACTIVE DUTY RECALL

As you know, members on the retired rolls of Regular components of the armed services are explicity subject to recall to active duty at any time to augment active duty forces. In our current manpower mobilization planning, how important is this pool of military retirees as a source of pre-trained manpower? I believe you mentioned that briefly in your statement. Would you expand on that a little bit?

Dr. Korb. Yes. I think it is very important, because what it does is it gives us the opportunity to get people very quickly, people we do not have to spend a great deal of time training, people who could basically, if you will, move into the support jobs in the United States and get the people who still have the combat skills that are up to date to move right into action.

Senator Glenn. OK, that is the next question. Do the military services keep up to date records on the skill mix of their retiree population? Do you keep up to date on MOS' and whether they are still current in those areas?

Dr. Korb. Well, some of them we do. Some of them we have actually given recall orders to. Some people have the orders and they know where they have to go. They do not have it for all of the people to the extent that they should, but we are working on that.

That along with the Individual Ready Reserve are two areas where we need a better handle on the skills that the people have.

Senator Glenn. Do you know how many times since World War II the Defense Department has involuntarily called retired military members to active duty?

Dr. Korb. They have recalled them in Korea. Some were recalled in Vietnam. I can produce the exact figures for the record. But World War II was the biggest recall that we had.

[The information follows:]

RECALL OF RETIRED MILITARY MEMBERS

Retired military members have been recalled in significant numbers to active duty only in time of war or armed conflict. The Department of Defense has been able to reconstruct such data for two of our four services, the Navy and the Marine Corps. The retired population base against which such data, computed by the peak year of recall, is compared is the total number of retired members receiving retired pay from the Department of Defense in those years. The data follows:

	Recalled	Total paid retirees	Percent of recalled to total
I. Navy:			
World War II:			
Officers (1944)	4,458	4,871	92
Enlisted (1942)	16,852	25,313	67
Korea:			
Officers (1952)	183	18,173	1
Enlisted (1951)	5,568	32,815	17
Vietnam:			
Officers (1968)	425	54,906	1
Enlisted (1968)	406	143,237	0.3
II. Marine Corps:			
World War II:			
Officers (1944)	345	732	47
Enlisted (1942)	891	1,428	62

	Recalled	Total paid retirees	Percent of recalled to total
Korea[1]:			
Officers[2]			
Enlisted[2]			
Vietnam:			
Officers (1972)	10	10,244	0.1
Enlisted (1968)	270	21,065	1.3

[1] Korean figures aggregate recalled retirees with recalled reservists and do not differentiate the two groups.

[2] Information not available.

These data are indicative of military recall patterns in the recent past. Vietnam data are insignificant, because in 1965 the President decided not to recall to active duty either Reserves or retirees, and the statistics reflect that decision.

The data presented here are conservative for two reasons. First, the "total paid retirees" figures include disability retirees, both permanent and temporary, and, with Korea onwards, the "Title III retirees", i.e., those inactive Reserve retirees 60 years of age or older. Such personnel, especially the disabled retirees, are unlikely candidates for recall to active duty. Second, we are using a "snapshot" of "high years" over a period of years instead of the cumulative number of retirees recalled in World War II, Korea, or Vietnam. Since retired recallees often serve for a year or two before reverting to retired status, we are missing those recalled retirees that did not pass through the high-year snapshot window. The net effect of these two factors would be (1) reduce the "total paid retiree" base by the disabled and the Title III reserve retired, and (2) to increase the number of recalled retirees, and thus to increase the percentage of retirees recalled.

Senator GLENN. Thank you, Mr. Chairman.

Incidentally, if I might, Mr. Chairman, I thought that was an excellent statement. You had a lot of facts and figures in there that were very, very good, some that I had not seen before, and I thought that was an excellent statement and I commend it to everyone here to read that, and I hope the press gives it adequate attention. You had some very interesting figures there.

Dr. KORB. Thank you, Senator.

Senator WILSON. Dr. Korb, let us assume for the purposes of this question that the way the services have defined their future career personnel needs is the correct way, and I believe that was the basic assumption upon which the fifth quad conducted its analysis of military retirement. Making that assumption, is it the Department's position that the existing military retirement system is the only system which would permit those personnel needs to be met?

Dr. KORB. No, I do not think we could make that statement. What we did with the QRMC was to take the existing system, look at all the changes that had been proposed by lots of groups, show the force impact, and then, based upon our analysis, come up with those that we thought would have a reasonable chance of succeeding, and then show their impact and what we would have to do to offset it.

ACTIVE PERSONNEL'S UNCERTAINTY ABOUT RETIREMENT BENEFITS

Senator WILSON. There have been a number of changes making minor adjustments in military retirement benefits over the last several years. Some of those changes have originated within the Armed Services Committee, but many have not. I am aware that one of the major concerns among active duty personnel is uncertainty about retirement benefits. As I say, I am aware of it. I intuitively suspect that that is the case.

I would be interested in what hard evidence you have that in fact rumored change in the retirement system is providing what you have described as turbulence where stability is required, in your statement on page 7.

Dr. KORB. We have the data in a lot of different places, and we also have a lot of letters that come flooding into our offices that indicate that. And one can also pick it up when you make visits to units and ships. But we are right now doing an officer and enlisted survey to really get that down precisely.

We have some data when we ask people about why—when you make a career decision, how important is retirement? For example, the Army did a survey February of 1983 and they found that, compared to about a year and a half before, among first term people, people being concerned went from 8.2 percent to 14.3, and among career people from about 25 to 30 in terms of the percentage of people saying that that was the most important single factor in deciding whether or not to stay in the service. So it is going up.

And then of course, because of all of the changes that people talk about you can almost feel the anxiety. But because feeling is not enough, we are actually doing a survey now to pinpoint that.

Senator WILSON. Can you describe that survey a little bit, because I am interested.

Dr. KORB. What we are trying to do, we are trying to find out in a more precise manner why people decide to stay in or get out, what is it they like about the service. One of the things we are trying to find out is what can we do for families that we have not done that is going to help them stay in; how important are the relative things of base pay, housing.

And on the basis of this, I think we will be able to say, OK, to the public policymakers both in the executive and legislative branches, this is what we need to do. If we cannot do it all, this is the most important thing that we ought to do.

Again, we have been acting intuitively, feeling, well, this is what people think is important, but we are never really sure of it. And we are not only going to interview the military members, but we are going to interview the families, find out what they think.

Senator WILSON. Well, it sounds as though it may have some very useful data. When will that survey be completed?

Dr. KORB. Well, the survey for the military members is in the field now. The one for family members is going out. I would say it will be early next year, the Defense Manpower Data Center will be able to have it all collated and analyzed.

Senator WILSON. I do not know whether the survey contains questions that might provide a measurement of this, but one of the questions that I have is whether or not the kind of anxiety that you have described is produced more by these repeated, almost annual minor adjustments or by a substantial but responsible change that would be performed by Congress with some certainty that it would remain in effect for a time.

Dr. KORB. My view would be that the real fear is that the person "is going to get caught" in a real substantial change, like somebody is going to say to a person, you cannot retire at 20 years any more.

You know, they might have 15 years, they were planning on getting out in 5, and now they are faced with 5 more.

Or if you retire at 20 years you cannot get half pay. And you know, that would in fact impact on the type of life that they were looking forward to. Those are the things that I think they fear most.

These other changes do not help, because what happens is, when these other minor changes are made people will say: See, I told you, they are going to do it; you just wait, pretty soon they are going to be making the big one. And then of course—and this has nothing to do with the legislative branch—you will have groups coming out making analyses, and that too creates a lot of anxiety.

Senator WILSON. Senator Glenn?

Senator GLENN. I just want to clarify one thing. My comments about the Senate Budget Committee, that concerns me. If we do have to go ahead and make those cuts, everybody is going to have to maybe perhaps make mandated cuts, but I do not like that decisionmaking any more than you do.

But if we do have to go ahead and save that $100 million in 1986, $200 million in 1987, and $300 million in 1988 that I talked about, I would like to have your recommendations back for the committee record as to where you would recommend those cuts come from if that has to done in the retirement system. Be as specific as you can possibly be.

Dr. KORB. I think you have to keep in mind that it is $100 million on an accrual count that is now $18.2 billion.

Senator GLENN. Is that correct? Yes.

Dr. KORB. So I do not want any of the people sitting here to think that that is going to necessitate any type of major change. That is a very, very small type of thing, and it may be that we can work with our actuaries just to change a little bit of the way that we do business.

Senator GLENN. Well, do not fudge the figures to match the budget.

Dr. KORB. I do not mean to leave you with that impression. But what I am trying to say is——

Senator GLENN. We have too much massaging of figures to suit the situation on this whole budget anyway.

Dr. KORB. But I think that it is a thing I think we have to tell people, that even if that in fact does happen that it does not mean some far-reaching major change to make that type of accommodation.

Senator GLENN. Are your actuarial figures, to use that as an example, are they accurate now, do you think?

Dr. KORB. According to the board of actuaries that was established by law, they are. My view, if anything, they are on the conservative side. In other words, they are making sure that that fund is going to be able to pay off the benefits.

If I were making a bet, I would say that once that fund goes into operation it is going to be more than solvent.

Senator GLENN. Do you think we could save $500 million a year on actuarial budget? Maybe you can help us out more than I thought here.

Dr. KORB. Well, I would not want to get into that.

Senator **Glenn**. You will get back to us with your recommendations on this?

Dr. **Korb**. Yes, Senator.

Senator **Wilson**. Thank you very much, Dr. Korb. We will excuse you now and look forward to seeing you again in a couple of days. Go back to your office and try to get something done.

Senator **Glenn**. Unfortunately I have another committee meeting I have to go to right now. I will try to get back.

Senator **Wilson**. Thank you, Senator Glenn.

Next we will invite to the witness table our second panel of witnesses, representing the five military associations. Let me invite them to take a seat, if possible, in the order that I announce them:

George F. Hennrikus, director of legislative affairs, Retired Officers Association; Robert W. Nolan, executive secretary, Fleet Reserve Association; Ben S. Catlin, assistant executive director, Air Force Association; C.A. McKinney, vice president for Government Affairs, the Non-Commissioned Officers Association of the United States of America; Robert F. Cocklin, executive vice president of the Association of the U.S. Army.

Gentlemen, we welcome you here. We are eager to hear from you. We will accept your written statements in complete form as a part of the record, and I would invite you to summarize those written statements so that we may have as much time as possible to discuss your statements and ask questions.

Mr. Hennrikus, am I pronouncing that correctly?

Mr. **Hennrikus**. George Hennrikus, sir.

Senator **Wilson**. Forgive me. Welcome, Mr. Hennrikus.

STATEMENT OF GEORGE F. HENNRIKUS, DIRECTOR OF LEGISLATIVE AFFAIRS, THE RETIRED OFFICERS ASSOCIATION

Mr. **Hennrikus**. Thank you, Mr. Chairman.

For the purpose of this hearing, I represent the interests of, in addition to my own association, the Retired Officers Association, the Naval Reserve Association, and the Retired Enlisted Association.

Everyone who deals with uniformed services retirement on a regular basis understands that the system was originally structured by the Congress and has been constantly refined over the years with one purpose in mind, force readiness. In the final analysis, it must provide military managers with the most effective tool at the lowest possible cost, while maintaining the right mix and quality of people.

We are seriously concerned that this purpose has been obscured in recent years as budget priorities generated by the drive to stabilize the economy have taken precedence. As the competition for the tax dollar among the many constituencies has become more intense, the uniformed services retirement system has become a target of opportunity, a means of diverting the attention of decisionmakers from other areas of the budget.

It is interesting to note that by and large these particular constituencies are at both ends of the political spectrum. On the left, there have been those who would protect that share of the budget used to maintain certain means-tested entitlement programs. On the right are those who would protect tax writeoffs, supports, and other devices existing in the revenue statutes.

They have been aided and abetted by the media, by Members of the Congress, and by members of the executive branch. In the purest political sense, this unusual unanimity among normally disparate factions is well reasoned. The career military while on active duty is nonpolitical and after retirement has neither sought nor been granted a position in either political camp. It is a true minority which at the same time, because of its function, has a high profile.

For many years, the career force has been manned from the middle class, further clouding its identity as a viable economic or political entity. The wars that have been fought since World War II committed drafted transitional troops, led by career officers and NCO's, with minimal civilian participation.

Your introductory comments along these lines, Mr. Chairman, are very reassuring. The fact that you intend to bring this problem back into the oversight of the subcommittee is important to all of us.

We are well aware of the critical nature of the continuing deficits and the need to reduce them. When the first steps toward economic recovery were taken, my organization informed the national leadership that the majority of retirees, having demonstrated their loyalty as no other part of the population had, were ready to accept their share of the burden.

In fact, however, over the past 4 years uniformed services retirees were assigned twice their fair share of the burden. Since 1980, changes in the system have markedly reduced retirement earnings promised during active duty. Thanks to the fact that inflation was quickly controlled, those already retired lost only 2.6 percent of future earnings.

Those retiring between now and the year 2000, however, have lost 9 percent, and people retiring from military service after the year 2000 have lost between 15 and 21 percent of what their predecessors received. Furthermore, if a pay raise is denied to the Active Force this year, careerists will fall back another 10 percent.

While it must be granted that most of these reductions have been driven by budget considerations, it must also be recognized that they will have a negative impact on the ability of our uniformed services to find and keep qualified people in the career corps, the group that makes up the leadership and training elements essential to national security.

It must also be noted that many of these changes have become law outside of the oversight of the Armed Services Committee. The half COLA provision was added to the Omnibus Budget Reconciliation Act of 1982 without prior consultation with either of the Armed Services Committees.

It was created on the eve of passage of the act by a small panel of the joint budget conference. This panel included the chairmen of the two Civil Service Oversight Committees. As a consequence, 80 percent of military retirees and 20 percent of civil service retirees were impacted negatively. The repeal of COLA adjustments for 1984, resulting in a nine month delay, was also contained in a Budget Reconciliation Act, Public Law 98-270.

In the current budget debate, a wide variety of ideas for changes in the uniformed services retirement system are being circulated. Within the Congress itself, there is the suggestion that major features of the civil service system, now being redesigned, be adopted in the military system. Outside the Congress, recommendations have been made to adapt the system to private sector old age pension plans or to convert it to a two-tier system, with greater emphasis on up-front compensation.

GRACE COMMISSION REPORT

The Grace Commission recommendations, if accepted, would reduce lifestream retired pay by as much as 85 percent and military retirement would no longer serve as a primary career incentive.

These are just a few of the ideas being offered to change the system. All of them warn that costs will grow four to five times by the turn of the century. The implication here is that the factors contributing to past growth will still be present.

Since 1980, retirement costs have in fact decreased by 2 percent, while social security has increased by 11 percent. With the number of new retirees stabilizing, costs are expected to peak about the year 2010 at $23 billion in real terms.

The relationship to the overall budget, currently 1.8 percent, and to the defense budget, currently about 6 percent, is expected to remain constant.

Mr. Chairman, we agree with the leadership of the Defense Department that this system works well, requiring only periodic refinements to maintain its effectiveness. When any change is contemplated, it should be initiated within this committee, where all factors will be considered. The final decision should not be made on the basis of cost alone.

By the way, with your permission, Mr. Chairman, I would like to submit additional testimony for the record. It briefly outlines a careerist's view of retirement and suggestions you might consider for future changes.

Thank you, sir.

[The prepared statement of Mr. Hennrikus follows:]

PREPARED STATEMENT OF COL. GEORGE F. HENNRIKUS, JR., USAF, RETIRED, DIRECTOR, LEGISLATIVE AFFAIRS, THE RETIRED OFFICERS ASSOCIATION

Mr. Chairman and members of the committee. I am Colonel George F. Hennrikus, Jr., director of legislative affairs of The Retired Officers Association, [TROA], which has its national headquarters at 201 North Washington Street, Alexandria, Virginia. Our association has a membership of over 340,000 retired, former and active duty officers of the seven uniformed services. Included in our membership are 42,300 widows of former members.

Everyone who deals with uniformed services retirement on a regular basis understands that the system was originally structured by the Congress and has been constantly refined over the years with one objective in mind: force readiness. In the final analysis, it must provide military managers with the most effective tool at the lowest possible cost for maintaining the right mix and quality of people.

We are seriously concerned that this purpose has been obscured in recent years as budget priorities generated by the drive to stabilize the economy have taken precedence.

As the competition for the tax dollar among the many constituencies has become more intense, the uniformed services retirement system has become a target of opportunity, a means of diverting the attention of decision-makers from other areas of the budget. It's interesting to note that, by and large, these particular constituencies are at both ends of the political spectrum. On the left, there have been those who would protect that share of the budget used to maintain certain means-tested entitlement programs.

On the right are those who would protect tax writeoffs, supports and other devices existing in the revenue statutes. They have been aided and abetted by the media, by Members of the Congress, and by members of the executive branch.

In the purest political sense, this unusual unanimity among normally disparate fractions is well-reasoned. The career military, while on active duty, is non-political and after retirement, has neither sought nor been granted a position in either political camp. It is a true minority, which at the same time, because of its function, has a high profile. For many years, the career force has been manned from the middle class, further clouding its identity as a viable economic or political entity. The wars that have been fought since World War II committed drafted, transitional troops, led by career officers and NCO, with minimal civilian participation.

We are well aware of the critical nature of continuing deficits and the need to reduce them. When the first steps toward economic recovery were taken, my organization informed the national leadership that the majority of retirees, having demonstrated their loyalty as no other part of the population had, were ready to accept their share of the burden. In fact, over the past 4 years, uniformed services retirees were assigned twice their fair share of the burden. Since 1980, changes in the system have markedly reduced retirement earnings promised during active duty. Thanks to the fact that inflation was quickly controlled, those already retired lost only 2.6 percent of future earnings. Those retiring between now and the year 2000, however, have lost 9 percent, and people retiring from military service after the year 2000 have lost between 15 and 21 percent of what their predecessors receive. Furthermore, if a pay raise is denied the active force this year, careerists will fall behind another 10 percent.

While it must be granted that most of these reductions have been driven by budget considerations, it must also be recognized that they will have a negative impact on the ability of our uniformed services to find and keep qualified people in the career core—the group that makes up the leadership and training elements essential to national security.

It must also be noted that many of these changes have become law outside the oversight of the Armed Services Committee. The half-COLA provision was added to the Omnibus Budget Reconciliation Act of 1982 (P.L. 97-253) without prior consultation with either of the Armed Services Committees. It was created on the eve of passage of the act by a small panel of the joint budget conference. This panel included the chairmen of the two civil service oversight committees. As a consequence, 80 percent of military retirees and 20 percent of civil service retirees were impacted negatively. The repeal of COLA adjustments for 1984, resulting in a 9-month delay, was also contained in a Budget Reconciliation Act, Public Law 98-270.

In the current budget debate, a wide variety of ideas for changes in the uniformed services retirement system are being circulated. Within the Congress itself, there's the suggestion that major features of the civil service system, now being redesigned, be adopted in the military system. Outside the Congress, recommendations have been made to adapt the system to private sector, old age, pension plans, or to convert it to a two tier system with greater emphasis on up-front compensation. The Grace Commission recommendation, if accepted, would reduce lifestream retired pay by as much as 85 percent and military retirement would no longer serve as the primary career incentive.

These are just a few of the ideas being offered to change the system. All of them warn of costs that will grow four to five times by the turn of the century. The implication here is that the factors contributing to past growth will still be present. Since 1980, retirement costs have in fact deceased by 2 percent while social security has increased by 11 percent. With the number of new retirees stabilizing, costs are expected to peak about the year 2010 at $23 billion in real terms. The relationship to the overall budget, currently 1.8 percent, and the defense budget, currently about 6 percent, is expected to remain constant.

Mr. Chairman, we agree with the leadership in the Defense Department that this system works well, requiring only periodic refinements to maintain its effectiveness. When any change is contemplated, it should be initiated within this committee where all factors will be considered. The final decision should not be made on the basis of cost alone. With your permission, we would like to submit additional testimony for the record. It outlines a careerist's view of retirement and suggests refinements for your consideration.

This year, military retirement accounts for $16.5 billion, about $10 billion of which represents longevity retirement in the career force, the balance being dedicated to the reserve forces and disability retirement and survivor annuities. It represents about 1.8 percent of the total budget, 7 percent of the defense budget and 3.8 percent of the entitlements budget. These percentages are projected to remain at or slightly below these levels until about 2010, when they are expected to level off.

The accrual accounting system is expected to negate the unfunded obligation in a 40-75 year period. The length of the period will depend on the decisions of an advisory board which will be appointed to direct the system.

Military retirement is an earned entitlement. It is the military member's estate. Frequent moves do not permit the accumulation of savings—they do not even permit the acquisition of an equity in a home. The military person or family does not get an opportunity to put down roots until after his retirement. This comes at a time when his civilian counterpart has a substantial equity in a home, and savings to cover educational costs and to supplement retirement plans.

The current military retirement system was developed over 35 years ago to serve two purposes: to assure sufficient quantity and quality of people to maintain an active force of 2 million; and to offer an incentive for people to elect a career which, among other things, denies them certain rights and privileges, offers no opportunity to accumulate an estate, and assures that they will be forced to change careers in mid-life.

It has been constantly refined in the intervening years. As a matter of fact, it may be the only program in the Federal Government that operates according to the pure market forces of supply and demand. When the supply of people is adequate, the incentive is reduced, when recruiting and retention figures are down, it's increased. During the recession of 1982, all services reported record-high recruiting and retention figures and the Congress assigned military retirees almost twice their fair share of the budget cuts.

It is a program which offers a retirement annuity of 38 percent of terminal pay after 20 years and about 58 percent of terminal pay upon completion of 30 years. It is a noncontributory plan and members are covered under the social security system. The first 20 years are not vested.

Average annual retirement pay of the 1.4 million retirees is about $12,000. Seventy-five percent are enlisted and 48 percent of the total receive less than the poverty level income for a family of four ($10,176). On the average, enlisted people retire after 23 years' service, officers after 25 years. Only 12 out of 100 who enter service remain to receive a retirement benefit. About half this group are permitted to stay until 30 years. For the military personnel manager, retirement is a management tool which assures the needed youth and vigor in the force plus reasonable opportunities to advance thorugh promotion. It is based on a selective retention, or "up or out" system which assures that only a few in the senior officer and enlisted ranks are able to remain in uniform beyond age 50.

Retirement compensation is reduced pay. Many characterize retirement compensation as deferred pay. It is more generally held to be reduced pay for reduced service. This is based on the fact that retirees are subject to recall to active duty, and remain subject to the uniform code of military justice. Also, severe restrictions are imposed on those who consider post-retirement employment in the public or private sector. Relatively few retirees have been recalled to active duty. However, over 100,000 military retirees hold recall orders to specific posts if they are needed. In World War II, over 90 percent of retired naval officers were recalled to active duty.

The members of the Armed Forces serve in a unique profession. With their oath of service they accept unlimited liability because they can be ordered to go anywhere at any time, because they live under a more stringent system of justice, face danger and perhaps injury or untimely death, and because they must accept family separation. In times of great danger to our national security, the Nation requires tough professional military forces with high readiness. The uniqueness of the military profession and the requirement of national security clearly warrant military compensation systems.

An argument used by those who would reduce the retirement incentive is to the effect that only a small percentage of military people are in the combat arms. Last year, the Air Force reported that 85 percent of those retiring in 1983 had received combat pay during their careers. Even those in the most mundane military occupations can come under fire. But over and above the exposure to combat, every uniformed member and his or her family is subject to the same destabilizingmoves and isolated tours which make it virtually impossible to accumulate an estate beyond the simplest savings program which is, more often than not, wiped out with each move.

My point is that in designing a retirement program you cannot apply the same standards to military retirement that might be applied to the rest of the public sector or to the private sector. Even those in so-called paramilitary occupations, police and fire, usually live in the same community throughout their careers and come home to their families on a daily basis. The closest comparison to military compensation in the private sector occurs in companies with operations in remote overseas locations. In 1983, the Department of Labor published the results of a study entitled, "Employee Benefits in Medium and Large Firms" (Bulletin 2176). Among other things, the study demonstrates that the majority of plans permit early retirement, compute retired pay on the basis of full terminal pay, and allow continuation of generous life insurance and health care plans. Only 7 percent of the plans surveyed are contributory. Of those integrated with social security, retirees generally receive supplements equal to their social security annuity until they become eligible for it.

The President's private sector survey on cost control—the Grace Commission—concluded that military retirement should only be marginally better than private sector plans. This is a yardstick that's almost impossible to apply with any degree of reliability. How do you match stock option plans or discount purchasing agreements or free survivor benefit programs?

We have seen many improvements in military compensation with the shift to the all-volunteer force. However, a hallmark of military pay and allowances since 1975 has been its instability and unpredictability. The stable influence which has compensated many during this period has been the military retirement system. I am convinced that the late 1970's would have been more catastrophic in terms of reenlistment and retention had we not maintained the current reitrement system. Our people give us the best years—the most productive years—of their lives and in turn have a right to expect that we fulfill our commitment to them by providing long-term security through the military retirement system. Retirement remains a viable incentive for sufficient numbers of qualified people. Dedicated, responsive people remain the most significant element of the defense equation. If we add to the reduction of the past few years, we cannot expect to maintain the needed training and leadership core which represents the career force. Rather, we can expect it to be reduced to a small group of dedicated people and others who can't find jobs elsewhere, constantly involved in a jobs training program wherein young people enter, are trained and then apply their new-found skills in the private sector.

Since the retirement system is an integral part of readiness, force management, and military compensation, any change must remain responsive to the dynamics of these systems. The impact of change on the men and women presently serving is equally important, as they are the bedrock of our defense.

Senator WILSON. Thank you very much, Colonel Hennrikus. We will be happy to accept those additional materials you are offering.

Next we will hear from Robert W. Nolan, the executive secretary, Fleet Reserve Association.

STATEMENT OF ROBERT W. NOLAN, EXECUTIVE SECRETARY, FLEET RESERVE ASSOCIATION

Mr. NOLAN. Thank you, Mr. Chairman.

As the National Executive Secretary, I deem it a privilege to present the views of my 166,720 shipmates who comprise the membership of the Fleet Reserve Association. They are career enlisted personnel and commissioned officers who have prior enlisted service, active duty and retired, with the U.S. Navy, Marine Corps, and Coast Guard.

Service in any one of these three services is unique, even within the broad framework of a military career. One basic unique feature is the condition of retirement. Enlisted personnel of the Navy and the Marine Corps do not retire after completing 20 years of active service. They may request the permission of the Secretary of the Navy to transfer, respectively, to the Fleet Reserve or the Fleet Marine Corps Reserve.

They remain in this category until they complete a full 30 years of service and can be placed on the retired roll. They do not receive retired pay, but rather retainer pay, as they are in a retainer status and are subject to a 24-hour recall at the pleasure of the Secretary of the Navy.

A national emergency does not have to exist for them to be recalled. In fact, until just a few years ago the fleet reservists were required by law to have quadrennial physical reviews to assure their ability for recall to active duty. And they do not receive retired pay until they complete 30 years of service.

Now, contrary to the popular belief that exists in the civilian community, the military retirement system in not an old age pension plan. The U.S. Supreme Court has ruled that the military retired pay is reduced compensation for reduced military service; it is not a pension.

And I think Dr. Korb before us here has laid out very frankly the clear, obvious main reasons for the military retirement system, which is to meet the manpower needs of the services and to assure readiness.

In fiscal year 1986, military retirement cost is $18.2 billion, which is only 5.8 percent of the total proposed defense budget. The military retirement costs are not out of control. Cost growth will diminish sharply in the future because the number of new retirees is stabilizing.

Sensationalized projections that costs will grow to $80 billion by the year 2010 must be put in perspective. By that time, inflation will have raised other costs as well. For example, assuming a 5 percent annual increase in the Consumer Price Index, a Big Mac sandwich will cost $4.60, a $10,000 automobile would cost $33,900, and an $85,000 home would cost $288,000.

In after-inflation terms, retirement costs peak at approximately $23 billion at about the year 2010. The military retirement system has undergone significant changes in the past 22 years. The most recent three changes enacted in the past 5 years—the imposition of the high-three retired pay base, the conversion from semi-annual to annual CPI adjustments, and the rounding down of the year of service credits—will reduce future lifestream retired pay by 15 to 20 percent.

The members of this committee are knowledgeable of the vicissitudes of a military career. I am speaking of the vicissitudes inherent in a military career: long hours without overtime, abridgment of personal freedoms, inability to control living and working conditions, being subject to rigorous performance, physical and moral standards, and forced relocations that disrupt family life.

The naval service is unique in its demand. Ships are made to go to sea and men must man the ships, is an old Navy adage. A naval career means the acceptance of being told, particularly for enlisted personnel, when to arise, what to wear, what to do, what to eat, when to eat, when to sleep, when to go home on liberty.

This obedience is required for a minimum of 20 years to earn retainer pay. It is a way of life that a comparative few choose. This style of life continues for 6 months or more on deployments to the Mediterranean or the far Pacific. Such sea duty comprises 14 years of the average enlisted sailor's 20-year career. Civilians are quick to agree on how lucrative military, enlisted military retired pay is, but no one dwells upon what one must do to earn it.

GRACE COMMISSION REPORT

The Grace Commission has made some startling recommendations on changing the military retirement system. The Commission started from a faulty premise. They erroneously assume military retirement is an old-age pension plan, rather than a force management tool. They viewed military retirement pay as a social welfare program, instead of the earned entitlement it is. Their recommendations were motivated solely by cost reduction.

The Fifth Quadrennial Review of Military Compensation, after careful analysis, recommended that the Grace Commission proposals be disregarded because of their unacceptable degradation of the force. The Department of Defense has reported that the force structure impact of the Grace Commission proposals would:

One, produce an overall reduction in officer career force of more than 14 percent;

Produce an overall reduction in the enlisted career force of over 22 percent;

And require an increase in officer accessions of almost 30 percent;

And require an increase in enlisted accessions of almost 17½ percent.

Considering the demographic projections on the availability of military recruits in the next 10 years, we would caution against risking the military career force at this time. Even the Fifth QRMC, which offered four possible alternatives for changing the military retirement system, recommended that:

> Evaluations of retirement systems must analyze the force impact. The risk of doing otherwise is simply too great to be ignored. Changes to the retirement system cannot be driven by cost avoidances alone.

Despite all of the talk about how lucrative military retired pay is, Government statistics reveal that when the military retired pay is compared to the poverty levels of various family sizes, many enlisted families fall below the poverty level. These statistics reveal for a family of three 25 percent are below the poverty level. For a family of four, it jumps to 64 percent, and for a family of five 82 percent.

New retirees initially tend to earn 20 to 27 percent less than similarly educated workers in the civilian community who have had the benefit of a stable career. Although this gap narrows over time, it is never made up and lifetime losses amount to over 20 percent on the average.

Mr. David Stockman's insulting public comments notwithstanding, FRA members are as concerned as are other citizens regarding the problem of our national deficit. But we are a little tired of being portrayed to the public as robbers of the treasury because we receive our earned retirement.

The military community believes it has already contributed directly to the reduction of the deficit. Nevertheless, FRA members are willing to bite the bullet even more. To demonstrate our willingness to do this, we pledge to you our support in accepting a temporary freeze of our military retired COLA during the fiscal year 1986, providing that an equal freeze is enacted on all Government programs except Social Security which receive those cost of living adjustments.

Mr. Chairman, this concludes our testimony and I stand ready to answer any questions, and I thank you.

[The prepared statement of Mr. Nolan follows:]

PREPARED STATEMENT OF ROBERT W. NOLAN, NATIONAL EXECUTIVE SECRETARY, FLEET RESERVE ASSOCIATION

Mr. Chairman and distinguished members of this committee, I am Robert W. Nolan, a retired Navy Chief Petty Officer. As the National Executive Secretary, I deem it a privilege to present the view of my 166,720 Shipmates who comprise the membership of the Fleet Reserve Association. They are career enlisted personnel and commissioned officers who have prior enlisted service, active duty and retired, of the U.S. Navy, Marine Corps and Coast Guard.

Service in any of these three Services is unique even within the broad framework of a military career. One basic unique feature is the condition of "retirement." Enlisted personnel of the Navy and Marine Corps do not "retire" after completing twenty years of active service. They may request the permission of the Secretary of the Navy to transfer, respectively, to the Fleet Reserve or the Fleet Marine Corps Reserve. They remain in this category until they complete a full thirty years of service and can be placed on the retired roll. They do not receive retired pay, but rather "retainer pay" as they are in a retainer status and are subject to 24-hour recall at the pleasure of the Secretary of the Navy. A national emergency does not have to be declared before their recall. In fact, until just a few years ago, Fleet Reservists were required by law to have quadrennial physical examinations to assure their availability for recall to active duty. They do not receive retired pay until they are transferred to the retired rolls after thirty years of combined service.

THE BASIC PURPOSE OF MILITARY RETIREMENT

Contrary to the popular belief that exists in the civilian community, the military retirement system is NOT an old-age pension plan. The U.S. Supreme Court has ruled that military retired pay is reduced compensation for reduced military service. It is not a "pension." The primary purpose of the military retirement system is to ensure mission readiness and sustainability. It meets this objective by: serving as a management tool to support defense manpower requirements; providing a mobilization base for national emergencies; providing a strong institutional incentive for a military career; thus, it allows for the maintenance of the career force that is fundamental to our nation's defense preparedness.

MILITARY RETIREMENT COSTS

In fiscal year 1986, military retirement cost is $18.2 billion, only 5.8 percent of the total proposed Defense budget which is $313.7 billion. Military retirement costs are not "out of control." Cost growth will diminish sharply in the future because the number of new retirees is stabilizing. Sensationalized projections that costs will grow to $80 billion by the year 2010 must be put in perspective. By that time, inflation will have raised other costs as well; for example, assuming a five percent annual increase in the Consumer Price Index: a "Big Mac" sandwich would cost $4.60; a $10,000 automobile would cost $33,900; an $85,000 home would cost $288,000.

In after-inflation terms, retirement costs peak at approximately $23 billion about the year 2010. Real cost per retiree has declined two percent since 1980 during which Social Security real cost per recipient has grown by eleven percent.

The military retirement system has undergone significant changes in the past twenty-two years. The most recent three changes enacted in the past five years (the imposition of the high-3 retired pay base, the conversion from the semi-annual to annual CPI adjustments and the rounding down of the year-of-service credits) will reduce lifestream retired pay by 15 to 20 percent.

FRA believes the imposition of the high-3 retired pay base is grossly unjust. Proponents of the change argue that civilian federal retirement is based on the high-3 formula, which is true. But, civilian federal retirement is based on total compensation while military retirement is based on basic pay not total compensation.

THE VICISSITUDES OF A NAVAL CAREER

The members of this committee are knowledgeable of the vicissitudes of a military career. In referring to them, I am not speaking of the personal risk factor of combat. In wartime, civilian and military, share this risk. In today's "peacetime" many civilian federal employees share equal personal risk. I am speaking of the vicissitudes inherent in a military career: long hours without overtime, abridgement of personal freedoms, inability to control living and working conditions, being subject to rigorous performance, physical and moral standards and forced relocations that disrupt family life.

The Naval service is unique in its demands. "Ships are made to go to sea and men must man the ships" is an old Navy adage. A naval career means the acceptance of being told when to arise, what to wear, what to do, what to eat, when to sleep and when to go ashore. This obedience is required for a minimum of twenty years to earn retainer pay. It is a way of life that a comparative few choose. There is no such thing as a normal, eight-hour work day at sea. Shipboard life consists of "four-hours-on and eight-hours-off" watches in addition to the normal routine of operating the ship. This style of life continues for six months or more on deployment to the Mediterranean or the far Pacific. Such sea duty comprises fourteen years of the average enlisted sailor's twenty-year career. Civilians are quick to agree on how lucrative enlisted military retired pay is but no one dwells upon what one must do to earn it.

Two years ago, I testified before the House Budget Committee's "Task Force on Entitlements, Uncontrollables and Indexing." I cited the typical example of a Navy enlisted sailor. He joined the Navy in 1963 and transferred to the Fleet Reserve in 1983 in pay grade E-9. Using the average work hours provided us by the Navy and allowing for annual leave and other factors, he had worked at least 66,238 hours in his twenty-year career. In that time, he had earned in basic pay and allowances, $204,458. This computes to an average career hourly wage of $3.07! Can you imagine a skilled civilian employee working in the Mediterranean or the Indian Ocean for a half year for that wage?

THE GRACE COMMISSION'S RECOMMENDATIONS

The Grace Commission (officially, the President's Private Sector Survey on Cost Control) has made some startling recommendations on changing the military retirement system. The Commission started from a faulty premise: they erroneously assumed military retirement is an old-age pension plan rather than a force management tool to support defense manpower requirements. They viewed military retirement pay as a social welfare program instead of the earned entitlement it is. Their recommendations were motivated solely by cost reduction.

The Commission concluded that the military retirement system was five to eight times better than the best retirement plans in the private sector. The Commission's recommendations, if enacted into law, would have a devastating impact on the lifetime retire pay—an 80 to 85 percent reduction for the typical military retiree!

The Fifth Quadrennial Review of Military Compensation (5th QRMC), after careful analysis, recommended that the Grace Commission's proposals be disregarded because of their unacceptable degradation of the force structure. The 5th QRMC calculated the military retirement's cost ratio to be 1.2 to 2.5 and nowhere near the 5 to 8 ratio that the Commission had calculated. Hay Associates, a private firm on contract to the 5th QRMC, calculated the cost ratio at 1.35.

The Department of Defense has reported the force structure impact of the Grace Commission's proposals would: produce an overall reduction in the officer career force of more than 14 percent; produce an overall reduction in the enlisted career force of more than 22 percent; require an increase in officer accessions of almost 30 percent; and require an increase in enlisted accessions by 17.5 percent.

Considering the demographic projections on the availability of military recruits in the next ten years, we would caution against risking the military career force at this time.

Even the 5th QRMC, which offered four possible alternatives for changing the military retirement system, recommended:

"1. That the basic purpose not be changed and that no modification of the current system be undertaken that will degrade the mission readiness and sustainability of our Uniformed Services; and

"2. That evaluations of retirement system alternatives must analyze force impact. This is true for this study and will remain true in evaluation of all subsequent proposals. The risk of doing otherwise is simply too great to be ignored. Changes to the retirement system cannot be driven by cost avoidances alone."

The 5th QRMC recognized that the current military retirement system is working. The FRA agrees and believes in the old adage, "If it is working, don't fix it."

HOW LUCRATIVE IS A MILITARY CAREER?

Despite all of the talk about how lucrative military retired pay is, government statistics reveal that when military retired pay is compared to the poverty levels for various family sizes many enlisted families fall below the poverty level. In enlisted retiree families of three, 25 percent are below the poverty level. In families of four the percentage increases dramatically to 64 percent and 82 percent of the enlisted retiree families of five are below the poverty level.

Clearly then, the military retiree must seek a second career upon leaving active service. Generally, he leaves the service at a period of high family costs. Upon seeking civilian employment, many find that employers expect them to work for less than their fellow civilian employees doing the same work because they are receiving military retirement. New retirees initially tend to earn 20 to 27 percent less than similarly educated workers in the civilian community who have had the benefit of a stable career. Although this gap narrows over time, it is never made up and lifetime losses amount to over 20 percent on the average.

CURBING THE ANNUAL NATIONAL DEFICIT

Mr. David Stockman's insulting public comment notwithstanding, FRA members are as concerned as other citizens regarding the problem of our national deficit. But we do not understand how a reduction in a portion of the Defense Department budget that only totals less than six percent of the DOD budget will make a significant reduction in the national deficit. Particularly when the risk of such savings could be quickly offset by added expenditures for recruiting and training costs if the retirement system cuts cause an exodus in the career force. If the recruiting and retention of military personnel is so easily accomplished, why is the Department of Defense asking for $1.3 billion in its fiscal year 1986 budget for recruiting?

The FRA believes that immediate savings in Defense costs can be achieved by monitoring Defense contractors' bills and curbing waste and fraud in that area of the Defense budget.

Furthermore, the FRA is of the opinion that deficit reduction is every citizen's concern and we do not feel that military personnel should be the scapegoat of the deficit. We are a little tired of being projected to the public as "robbers of the treasury" because we receive our earned military retirement! Especially when Corporate America is unscathed. Are you aware that half of "Fortune" magazine's "500" companies paid no taxes in at least one of the past three years thanks to the Accelerated Cost Recovery provisions of the 1981 tax amendments? This information was made public in a report issued by the Citizens for Tax Justice. Had the companies paid taxes under the pre-1981 tax laws, the national treasury would have received $91.4 billion in revenue. That is one-half of the annual national deficit. For example, W.R. Grace & Company, headed by Mr. J. Peter Grace, made $684 million in net profits in 1981-82-83 and did NOT PAY ONE CENT IN TAXES! FRA believes all Americans should share the deficit burden equitably.

The military community believes that it has already contributed directly to the reduction of the deficit. Active duty personnel have contributed by enduring depressed basic pay scales, allowances and benefits. Federal retirees under age 62 endured the half-COLA. I remind you that four of five federal retirees under age 62 are military retirees, therefore, the military retired community bore the brunt of that sacrifice. Speaking of inequitable sacrifices, how about the COLA offset all military retirees employed as civilian federal workers endured?

Nevertheless, FRA members are willing to "bite the bullet" even more. To demonstrate our willingness to do so, we pledge to you our support in accepting a temporary freeze of our military retired pay COLA during fiscal year 1986 PROVIDING—that an equal freeze is enacted on all government programs EXCEPT SOCIAL SECURITY, which receives the cost-of-living adjustments.

CONCLUSION

Mr. Chairman, this concludes our testimony. FRA Shipmates thank you for the opportunity to present our views in this democratic manner. The Defense of our representative government is one reason that we devoted a major portion of our adult lives in service to our country. My appearance before you today is not to ask for more for my Shipmates, but merely to assure that they and their families are assured the opportunity to earn a standard of living that is equal to that they are defending for other Americans. I stand ready to answer the committee members' questions to the best of my ability. Thank you.

Senator WILSON. We thank you very much, Mr. Nolan, for your statement.

And now we will recognize Ben S. Catlin, the assistant executive director of the Air Force Association.

STATEMENT OF BEN S. CATLIN, ASSISTANT EXECUTIVE DIRECTOR, AIR FORCE ASSOCIATION

Mr. CATLIN. Thank you, Mr. Chairman. We thank you for the opportunity to present the Air Force Association's position on a most important topic, probably the most important personnel issue, military retirement.

The Air Force is a high-technology organization. It runs effectively and efficiently because it has the right kind of high quality, well-trained and experienced people. Without the right kinds of people, sophisticated weapons systems will become just so many space age tinker toys.

As we have heard several times here this morning, the purpose of military retirement is readinesss, and readiness is the bedrock of the strong institutional support necessary to offset the exceptional demands of a military career. We believe it is the primary incentive for retention.

The input we have received from the AFA Enlisted Council and our Junior Officer Council supports this. These councils are composed of the 12 outstanding airmen every year and the outstanding junior officers from each of the major commands around the world, and they provide input to us for our policy statements.

They base this input on surveys they take, and they have consistently reported that retirement is the No. 1 factor in their decision to make the Air Force a career. Our new council met in January of this year and independently arrived at the same assessment, and these are the best and the brightest youngsters in the Air Force.

If the retirement incentive is reduced, we are very concerned that these highly skilled people in the Air Force will leave for the private sector to get a stable and predictable life for themselves and their families.

In many ways, today's environment reminds me of the seventies, when we experienced one of our severest manpower shortages. We had just had a recession and there was great pressure to cut defense spending. This led to pay cuts and reductions to quality of life items. When the economy began to recover was when we had our problems. We lost many of the best and the brighest of our experienced NCO's, pilots, navigators, and engineers—the hemorrhage of talent that you heard about.

Today we have an even higher quality force. The number of high school graduates and number with college degrees is at an all-time high. To retain these high-technology, high-quality people, we must have a competitive security package, and let me emphasize security.

In the private sector, corporations have recognized the important role of employment security in job performance and profitability. The Conference Board, which is a highly regarded clearing house for information on private sector management and compensation packages, recently published an article which concluded that corporations which have created security for their employees are among the world's most productive.

SECURITY IS CURRENT RETIREMENT SYSTEM

For military members right now, security is the current retirement system. We ask our young men to surrender their personal rights and freedoms which most Americans take for granted when they join the military. We expect them to be disciplined in this society which places great value on individual choice and freedom of action.

They must accept abridgment of free speech, the loss of political activity, and the loss of control over their lives and the lives of their family, in a society which has the highest standard of living and the highest individual freedoms. And we ask them to make a commitment—and it is a commitment— in comparison to parallel careers in civilian life.

And the tradeoff is the financial security of their retirement. It is the incentive which keeps members in the military. Military retirement is the light at the end of the tunnel. Changes which reduce the light at the end of the tunnel diminish their perception of the security that retirement can provide.

It weakens the power of the retention incentive. It causes a chain reaction that can affect grade. What will be the impact? This is difficult to predict. Secretary Korb mentioned that. However, if the reaction—and it is a very emotional reaction—we receive from our councils is any barometer, we would do well to listen to their concerns.

Another area which is causing them concern is the continuing attempt to reduce the COLA. As you know, COLA is a way of preserving the purchasing power of retirees. COLA caps are an immediate moneysaver, but in the long term they erode the attractiveness of the military retirement system, especially as the younger members in the service see the cumulative reduction in buying power. It also appears to be a selling out in the name of saving money.

In summary, I would like to emphasize two points. First, the straightline comparison between military retirement systems and other retirement systems should be avoided. No other retirement system, public or private, has the same requirements as does the military retirement system.

Second, today's retirement system is working well in a very highly competitive environment. It allows the military to manage the force and to provide a really combat-ready Air Force. In the debate over military retirement, we should all remember that the ramifications for the future are too important to ignore and we cannot afford to be wrong.

Thank you sir.

[The prepared statement of Mr. Catlin follows:]

PREPARED STATEMENT OF BENJAMIN S. CATLIN, ASSISTANT EXECUTIVE DIRECTOR, DEFENSE MANPOWER AND RESERVE AFFAIRS, AIR FORCE ASSOCIATION

Mr. Chairman, it is an honor to be here today representing the 220,000 members of the Air Force Association to present our position regarding the military retirement system.

To discuss the role of the military retirement system in overall force management, we must remember that the Air Force is a high technology business. It runs effectively and efficiently only because it has the right numbers of well-trained, experienced people to operate the many high-tech systems. Without the right kinds of material resources, weapons systems cannot be built, and, likewise, without the right kinds of human resources, weapons systems cannot be operated.

As you know, the principle purpose of the military retirement system is readiness. The system serves several vital objectives. It provides a legitimate base for the Nation's mobilization plans and ensures that a large standing pool of skilled, experienced personnel will be available to meet wartime support requirements. It also maintains an orderly flow of officers and enlisted members through the ranks to retirement while allowing sufficient incentives and rewards for advancement through promotions.

The retirement system is the bedrock of the strong institutional support offered to offset partially the extraordinary demands of a military career. The military retirement system is the services' primary career incentive. The input we receive from our own AFA enlisted and junior officer advisory councils proves this. Each year, these councils, which are composed of the outstanding non-commissioned officers and young Air Force officers from each command throughout the world, provide input during the development of our policy statement. Their input is based on surveys they take of young Air Force members in their commands. They have consistently reported back that retirement is the number one issue in determining whether they will stay in the Air Force. At their most recent meeting in January of this year, the new council members independently came up with this same assessment—again naming retirement as the number one career incentive.

One more point along this line, we often hear criticism that military members may retire in their early 40's and go on to lucrative second careers. The facts speak otherwise. Let's look at a typical example of someone who retires this year. This individual would be 42 years of age and receive about $984 a month in retired pay. Almost certainly he or she must seek a second career tomeet the expenses of feeding, housing, and educating his or her family. This income is certainly far from lavish for those who have served 20 years or more in an often dangerous environment, enduring turbulence caused by numerous family separations, long hours, and seven or eight geographic moves—for which they are only partially reimbursed.

If this incentive is significantly diminished, highly skilled people will leave for the private sector in increasing numbers to obtain a more secure and stable future, and a more predictable life for themselves and their families.

In many ways, today's environment is reminiscent of the 1970's—a time during which the services experienced a severe manpower crisis. In the mid-seventies, the Nation experienced an economic recession. Unemployment climbed and there was great public pressure to reduce Government and defense spending. This led to successive pay caps—and, when a strong economic recovery began toward the end of the decade, all the services failed to meet their nonprior-service recruiting goals. But, more importantly, all the services suffered alarming losses of trained careerists, including pilots, navigators, engineers, and enlisted personnel in critical skills. This had a severe adverse impact on force readiness.

Today, we once again have a high quality force: an all-volunteer force, which Congress decreed. The numbers of those with high school and college degrees are at all time highs. To retain these people, we must have a strong security package—let's emphasize the word security. In the private sector, corporate executives have been forced to acknowledge the important role of employment security in job performance and profitability. The "conference board," a highly regarded clearing house of information on private sector management and compensation programs, recently published an article concluding that those corporations which have created security for their workers are among the world's most profitable and their employees among the world's most productive. In many ways, corporate America is beginning to surpass the military in the area of security.

For military members, long-term security is provided by the current retirement system. As has been stated, it is the most important incentive in the Air Force. Statistics show that, during the first 11 years of a person's working life, he or she will change jobs approximately three times. Servicemembers are asked to make commitments early and the services must make them stick in the face of competition from the private sector. In making these commitments, these young men and women knowingly accept that they will work long hours with no overtime, experience frequent relocations and family separations, and be faced with possibly giving their life for their country. They must also surrender personal freedoms most Americans take for granted and are expected to be highly disciplined in a society which places great value on individual choice and freedom. They must accept abridgement of free speech, political and organizational activity, and control over their living and working conditions. They must be prepared to live anywhere, fight anywhere, and maintain high combat efficiency, usually under adverse and uncomfortable conditions. This is the servicemember's "Bill of Rights"—it represents the very high personal price they must pay to serve their country. Yet, all of this must be done in light of and in comparison with the civilian sector, in a society that has the highest standard of living and an unmatched quality of life.

The financial security afforded by the military retirement system is the tradeoff for the very early commitments service people make. It is not a pension. It is an earned entitlement offered to those who have endured the rigors of a career which cannot be compared to any other job, in an armed force which cannot be compared to any other country's.

Let me also emphasize that recent attempts to compare the military retirement system with social welfare programs are ludicrous. Such statements as, "The military retirement program costs the Federal Government one-third more than food stamps," provide totally meaningless comparisons. By this same logic, it would be just as relevant to suggest that the Food Stamp Program is ineffective based on its contribution to national defense.

Military retirement serves as the light at the end of the tunnel of obligated service and performance that foregoes personal choice. Making basic, structural changes that reduce retirement will diminish the perception of security it affords and weaken its power as a retention incentive. Make no mistake, reducing or changing retirement and weakening retention will produce a chain reaction in terms of combat readiness. How great will that impact be? It is difficult to measure, but, if the response we receive from our members each time another attack is made on the system is any barometer, we would do well to heed the warning.

Let me turn to the issue of cost-of-living allowances. In the past four years, military retirees have been asked to assume twice their fair share of the economic burden.

COLA caps constitute a reversal of the longstanding national policy of preserving the purchasing power of retirees—a policy which has been reaffirmed in recent congressioanl actions. Since 1958, when the administration proposed separating active duty and retired pay adjustments, the Congress has, by a series of legislative actions, developed an "automatic mechanism which would, in the last analysis, guarantee every military retired member that the purchasing power of retired pay to which he was entitled at the time of retirement would not, at any time in the future, be eroded by subsequent increases in consumer prices." That is a quote from a House Armed Services Committee Print No. 17 referencing the committee's actions with regard to title 37 of United States Code on the COLA issue in May of 1982.

COLA caps are an immediate money-saver, but, in the long term, such caps provide an unstable and unacceptable solution as they discriminate against military retirees as a group. These caps could contribute to a growing erosive effect on the attractiveness of the military retirement system as a career incentive, especially as the cumulative reduction in purchasing power becomes apparent.

Finally, such COLA caps appear to be a "selling out" of the military retirement system in the name of saving money.

In summation, there are two points which I want to emphasize. First, straight-line comparisons between the military retirement system and other retirement systems should be avoided. No other retirement system, public or private, has the same requirements as does the military system. Not even foreign military systems serve the same national purposes as does that of the United States. Unless there is a commonality of purpose and requirement, any comparison simply becomes one of form and structure, not of substance.

Second, today's retirement system is working well in response to national security objectives. It allows the Air Force to manage the force and provide a combat-ready force.

Last September, during the Air Force Association's national convention, our State delegates adopted a position on the military retirement system which is included in our 1985 policy statement, a copy of which is attached to our statement for your information.

Specifically, AFA "supports the present military and civilian retirement systems. If changes are mandated, they must be the result of thoughtful, deliberate, and thorough study of the system, taking into account the impact of such changes on military force management and readiness."

AFA also supports honoring the commitments made to both those already retired from service and those presently on active duty, by "grandfathering" these individuals to protect them from the effects of any changes.

In the debate over the military retirement system, we must remember that the ramifications for the future are simply too important to ignore: and we cannot afford to be wrong.

Senator Wilson. Thank you very much, Mr. Catlin. I appreciate your comments.

We will next hear from C.A. McKinney, vice president for government affairs for the Non-Commissioned Officers Association of the United States of America.

STATEMENT OF C.A. McKINNEY, EXECUTIVE DIRECTOR FOR GOVERNMENT AFFAIRS, NON-COMMISSIONED OFFICERS ASSOCIATION OF THE UNITED STATES OF AMERICA

Mr. McKinney. Thank you, Mr. Chairman.

The Non-Commissioned Officers Association and its membership is grateful for this opportunity to speak on the current military retirement system.

The Non-Commissioned Officers Association has the largest membership of active duty noncommissioned and petty officers of all the private military organizations. Its directors, officers, and senior staff personnel are either active duty or retired noncommissioned and petty officers. Its board of directors has a number of senior active duty noncommissioned officers as members, and the current association president was just 2 years ago the command sergeant major of the Army's European command. Advisors to our board of directors are the current top enlisted chiefs from the Army, Marine Corps, Air Force, and Coast Guard.

It is within this structure that NCOA unequivocally opposes any adverse change to the military retirement system affecting the enlisted men and women of our Armed Forces. With average monthly net pays—this is in 1983—of $1,325 for the most senior NCO, petty officer, to an insignificant $415 for the most junior of that group, how can anyone with good commonsense or belief in fair play, label the military retirement system as lavish or generous in rewarding enlisted personnel?

Currently an E-6 or an E-7 with 20 years of service retires with a gross retired or retainer pay of less than $10,000 annually. This is less than the median income reported for a couple receiving Social Security benefits. These E-6's and E-7's will leave the active force, return to civilian life, reestablish contact with the civilian community, find suitable housing and schooling for their children, and seek a new career, all on net pay of less than $900 monthly and with an average of two to three dependents to support.

Congress might ask them to stay on until they have 25 or more years of service, but will they be any better off by sticking around for an extra 5 or 10 years? More likely, they will not benefit either financially or careerwise. Most have reached their terminal grade at 20 years. Most are tired of family separations, moving every 2 or three years, relocating families and children in new communities and new schools.

Most want to settle down, have an opportunity to become a part of a stable community and begin a new career before they are too old to find suitable civilian employment. Even then, they know they are behind the power curve in earning capacity compared to their civilian brothers and sisters who began their careers years before.

NCOA does not believe the military retirement system can be adversely changed so that it will not harm the readiness of our military posture. Neither graph statistics or data are offered to support this position only the gut feeling our senior enlisted members have in dealing with people who will be affected by such a change.

Our people are unhappy. They perceive, and with good reason, there will be changes in their retirement system that are not to their well-being. Continued attacks over a 14-year period really make them uneasy. Morale is affected and readiness suffers.

Yesterday I received a personal call from the fleet master chief of the Navy's Atlantic Fleet. He asked me if I would advise you gentlemen that he is concerned, concerned that not only are his career enlisted members, but junior enlisted, are worried more than ever. For the latter, they are asking, is the Navy really giving us the straight scoop? That is, taking care of its own.

With all the public clamor over the retirement system, they are beginning to doubt its sincerity. Our people are losing faith. Mr. Chairman, either the services take care of their own by retaining the system they believe is working well or Congress kicks the chair out from under them and causes our young people to doubt their credibility. Once that goes, the people go.

Thank you, Mr. Chairman, for your time.

[The prepared statement of Mr. McKinney follows:]

PREPARED STATEMENT OF SERGEANT MAJOR C. A. (MACK) MCKINNEY, USMC (RETIRED), VICE PRESIDENT FOR GOVERNMENT AFFAIRS

Mr. Chairman, I am Retired Sergeant Major C. A. (Mack) McKinney, U.S. Marine Corps, Vice President for Government Affairs, Non Commissioned Officers Association of the USA (NCOA). NCOA is the largest quasi-military association serving career enlisted military personnel of the U.S. Armed Forces. Of its 175,000-plus voting members, 83 percent are currently serving on active duty as Noncommissioned and Petty Officers in the Army, Navy, Marine Corps, Air Force and Coast Guard. The remainder have served; some retired or in a veterans' status; or currently serving in the Reserve and National Guard.

I extend the appreciation of all members of NCOA for allowing me to express the association's views on the Military Retirement System. Concurrently, NCOA gratefully acknowledges the work of this distinguished panel over the years in providing quality-of-life improvements for our servicemembers. The association applauds and salutes the chairman, members and the staff for a job well done.

In the late 1970s the U.S. Armed Forces witnessed the greatest exodus of career servicemembers in the history of a peacetime military. Three reasons played a major role in causing highly-trained and experienced military personnel to opt for civilian life. First, there was depressed compensation. Second, an overly-permissive military crammed with far too many nontrainable and hard-to-discipline troops. And third, a lack of manpower to accomplish unit missions.

Today, much improvement has been provided by this administration and Congress, although there remains some areas that require the attention of the 99th Congress. One is the decreasing rate in retention of second and subsequent term reenlistments. The services are slowly losing qualified and skilled personnel, not because of the second and third reasons listed above, but because the purchasing power of the 1981-82 military dollar is dwindling due to yearly caps and delays in pay hikes and little if anything is being done to correct some of the deficiencies military families still face today.

There is a third reason that overshadows all others when it comes time for career servicemembers to decide whether or not to reenlist. It is the fear that adverse changes will be made in the military retirement system. This deciding factor is listed as Number One for career personnel and is in the top three for first and second term servicemembers.

The continuing threats against the military retirement system, coming from the media, public and private officials, members of Congress and even the Commander-in-Chief's study groups, are disturbing and perceived to be real. Many career servicemembers leaving the services today are doing so because they want to get their promised entitlement to retired pay before the system is changed.

NCOA, through its world wide membership of mostly active duty noncommissioned and petty officers of the Army, Navy, Marine Corps, Air Force and Coast Guard, is convinced any major change adversely affecting the military retirement system will be disastrous. Career-minded NCOs and POs will leave the Services in such numbers that our defense posture will recede to the concerned level of the late 1970s. Once again the Nation will have a "hollow" Army and the Navy will be unable to take ships to sea.

Can the Nation really afford this? Can Congress again allow the exodus of military personnel to occur because the federal budget is in deficit? In the 1970s it was inflation. Other times it was something else. But, whatever the reason, NCOA believes that the United States can ill-afford to lose its active manpower when its current and future world-wide commitments are or will be almost more than current personnel strengths can handle.

NCOA further believes there may be a correlation between the size of our active military and U.S. participation in a foreign conflict. In June 1950, prior to U.S. intervention in Korea, our active military strength was the lowest since World War II. In June 1965, the strength was the lowest since the Korean conflict. It was about this time the United States sent its first large force of troops to South Vietnam.

Currently, Congress is systematically replacing many active duty personnel with reservists and guardsmen, all in the name of costs-savings. Although NCOA encourages the build-up of our reserve forces, the association does not endorse the exchange policy. It's penny-wise and dollar-foolish. The last time the U.S. mobilized its reserve force in any great number was for the Korean conflict. At that time the majority of reservists were experienced combat veterans of World War II.

Today, few reservists have similar backgrounds. Few have had combat experience and few have the necessary skills and experience to be qualified for immediate mobilization and transportation to a combat zone within 30-to-90 days.

Who then will train and school the mobilized reserves and the thousands of raw recruits called to military service? It will be some of the hard-core cadre of the active duty force, some of the pre-trained and skilled reservists and, yes, as many recalled retirees as needed or available.

If Congress sees fit to make adverse changes to the retirement system, eventually there'll be few servicemembers remaining for a 20 or 30 year career. There'll be fewer skilled reservists remaining in their components for more than a token period of service. There'll also be fewer retirees young enough and physically qualified to be recalled to active duty.

Some will say there's a solution; the United States can always revert to the draft or provide more money up-front to recruit and retain sufficient numbers of active and reserve servicemembers. NCOA disagrees. A drafy may bring in the number of new assessions the Services require, but how will it handle retention? Better pay and more bonuses may attract people to reenlist the first or second time, but there's a question of their commitment beyond the second or subsequent term. Here is when the servicemember begins to reach for that retirement date.

Requiring longer service to qualify for retirement or reducing the amount of retired pay isn't going to keep our people in the military. Your former Congressional colleagues were smart enough to realize this is as far back as 1945 when they adopted the 20-year retirement program for all enlisted personnel. Most U.S. citizens don't want to serve in the military and for good and sufficient reasons. They do not want to suffer the "contingencies" of military life. Those who are willing to serve 20 years, more or less, have had all they can tolerate by then, must now think of their family's well-being, and/or begin a second career before their age places a rein on new job opportunities.

Most of our retired military population leaves the active service in the enlisted grades of E–6 or E–7. They are offered a retired annual net pay of less than $10,000. This is below the median income of married couples receiving social security payments. This is less than what this Nation spends annually on the average prisoner incarcerated in our federal or state institutions. This is also less than what some welfare recipients receive in federal and state aid. How anyone can say enlisted military retired pay is lavish or generous is beyond comprehension.

Earlier in this statement, I mentioned "contingencies." This is the one thing separating the military from all others, including those employed in hazardous occupations such as police and fire services. No other group is called upon to perform its duties in the same unrestricted manner as military personnel. This was brought to my attention by my brother-in-law who retired from police service about the same time I retired from the Marine Corps.

My brother-in-law served in the Army in World War II. Following discharge he was employed by the local police department. A few years later he transferred to the State police. Here it was spit and polish. I believe he stood more inspections in one month than I did in a year. I asked why he hadn't remained in the service since it appeared that his duties were closely related to those in the military. He replied it certainly was not. If he worked overtime he was paid for it and, eventually, it would count in the computation of his retired pay. He further advised he could retire as early as me and at a larger pay rate, but most importantly whatever he had to do as a police officer he could go home every night to be with his family.

Change the military retirement system? NCOA and its membership not only says NO!, but NO!, NO!, NO! The U.S. now has the most efficient, dedicated, loyal, disciplined, qualified and combat ready force in its peacetime history. Let's keep it that way.

It's the responsibility of Congress to raise an Army and Navy for the defense of the Nation's citizens. If our Federal legislators sincerely wish to fulfill that constitutional commitment they will retain the current retirement system.

Senator WILSON. Thank you very much, Mr. McKinney.

Now we will hear from Robert F. Cocklin, Executive Vice President of the Association of the U.S. Army.

STATEMENT OF ROBERT F. COCKLIN, EXECUTIVE VICE PRESIDENT, ASSOCIATION OF THE U.S. ARMY

Mr. COCKLIN. Thank you, Mr. Chairman. Being the last man in the batting order, you challenge my ingenuity to come up with something new. But I will summarize our position, which these gentlemen have covered to some degree, with some points I think are important to have out for the record that I have not heard this morning.

MILITARY COMPENSATION

As Senator Glenn pointed out, really what we are talking about today is military compensation, of which retirement is a vital part and, I might add, a part that is perceived as very fragile on the part of those who serve. Military compensation, of course, is not a salary in the classic sense, but it is a total package of pay, allowances, and benefits.

Clearly it is not an old age pension, but an integral part of this total military system of retirement. Those before me have adequately described the purpose of the retirement system, but there are some points that I think need to be made for the public record, not so much for this committee but for the public record, because these are the criticisms that we often hear.

I would point out that the military service is performed and accomplished under conditions of employment that is not found in any other line of work in the world. For instance, in the Army's case 32.5 percent of the force is overseas. But each member of the Armed Forces operates with an employment contract that no union would ever countenance. Service members without recourse can be legally required to fight anywhere in the world and may be punished if they disobey orders to do so.

They may be exposed to hazard when and as long as the national leadership believes it is appropriate, without regard to personal preference. They can be fired, despite fully satisfactory performance, in midcareer and for any momentary convenience of the Government, while others are not allowed to leave who would like to do so.

They can be retired without regard to personal preference or family circumstance or to necessary alternative employment, and may be involuntarily recalled to active duty when the need arises. They relinquish to their parent service control over whether, when, and how long they will be exposed to the risks of combat—some of our current retirees have served in combat in three wars—whether, when, and how often, and where in the world they will have to relocate themselves and their families 18 or more times, while individual children go to six or eight different schools, when and how often and how long they will have to work overtime without extra pay—14 hours a day is not unusual—when, how often, and how long they will have to work at locations separated from home and family.

And as was pointed out earlier, sailors can spend over 40 percent of their service at sea, and many soldiers' careers include 6 or more years on unaccompanied tours.

Military members are not retired in the traditional sense of the term. They retain military status, are subject to the Uniform Code of Military Justice. Many are restricted to job and pay limitations in retirement, and are subject to recall to active duty. Over 132,000 of the Army's more than 260,000 retirees under 60 currently have specific mobilization assignments, hip pocket orders, in their possession.

Now, that in a nutshell describes the conditions of servitude. I might add that other parts of the compensation package are under siege as well. You capped military pay for the last 3 years and your Senate Budget Committee is suggesting that it be done again this year. If that happens, military pay will drop to 9.3 percent below comparable pay in the civilian sector as measured by the employment cost index.

Service members are required to move every 2 or 3 years, and at the present time each of these moves costs the service member an average of $1,500 out of his own pocket. That does not happen in civilian life.

These are but two examples that add to the service member's perception that a military career is becoming less attractive, while we expend a great deal of effort and substantial sums to attract and keep qualified people in the military.

Approximately 13 percent of all personnel entering active service ultimately retire. During their entire career, each has been subjected to continuous quality screening, promotion boards, bar to enlistment, and so forth, to a point that those reaching 20-year career represent the top 10 percent of all service personnel, the top 2 percent at 30 years. Clearly, they are not average individuals, and moreover they represent a very substantial investment.

We do believe, however, that there are some feasible actions which would make the military retirement system more palatable to its critics, while at the same time safeguarding the system's important contribution as a major element of total military compensation.

One of the big hangups, at least the one most frequently mentioned in the public arena, is the voluntary 20-year retirement for officers. It is our belief that force management can be accomplished through involuntary retirements and thus it should be possible to lengthen the period of service for the convenience of the Government for those who are not forced out.

We believe that the idea, which Dr. Korb mentioned briefly, of increasing the retirement multiplier from 2.5 percent per year to 3 percent after 24 years of service, thereby bringing the 30-year level up to 78 percent of base pay, would serve to promote longer service and would compensate for the much reduced ability to start a second career.

In contrast, those officers who retire voluntarily at 20 years should receive a reduced annuity of 35 percent, which would increase to 50 percent at the point the individual would have completed 30 years of service. Personnel forced to retire between 20 and 30 years, however, should have retired pay computed on the basis of the existing 50 to 75 percent multipliers. This figures out to be about 38 to 57 percent of preretirement take-home pay for 20 and 30 year retirees.

The Association of the United States Army supports any effort that would eliminate the existing contradictions in the system and make it more easily understood by those who benefit from it and those who must support it. Our only caveat is that whatever is done to the system must preserve its value as an incentive to serve and an equitable culmination of service.

As both Senators Goldwater and Glenn pointed out earlier this morning, whatever we do, we must keep faith with those now serving and those who have already retired.

Mr. Chairman, that completes my summary.

[The prepared statement of General Cocklin follows:]

PREPARED STATEMENT OF MAJ. GEN. ROBERT F. COCKLIN, AUS RETIRED, EXECUTIVE VICE PRESIDENT, ASSOCIATION OF THE UNITED STATES ARMY

Mr. Chairman, members of this subcommittee. I am Maj. Gen. Robert F. Cocklin, Executive Vice President of the Association of the U.S. Army. Thank you for the opportunity to present our views to this subcommittee.

We are here to discuss a very complicated and essential element of our national defense structure—the retirement system. I will summarize briefly our views and ask that our more detailed presentation, which is attached, be included in the record.

Really our subject today is Military Compensation of which retirement is a vital part.

Military compensation is not a salary in the classic sense, it is a total package of pay, tax-free allowances, and benefits. It includes money, or provision in kind, such as housing or subsistence; services, and other benefits received by a service member, either during active service or on a deferred basis. This includes both retirement benefits and survivor benefits. As a force management tool, military compensation's primary objective is force readiness. At the same time, it must provide reasonable compensation to service members in line with contemporary standards that are fair and equitable.

Clearly military retirement is not an old-age pension but an integral part of the total military compensation package. What it is required to do for the U.S. Armed Forces is to:

Maintain young, vigorous and mission-ready forces capable of operating effiently both in peace and war by providing for a continuing flow of officers and enlisted personnel to meet the services' needs.

Establish the choice of a career in the Uniformed Services as a reasonable competitive alternative by providing a measure of financial security after release from duty (retirement) for service members and their survivors; and

Support a mobilization base of experienced personnel subject to recall to active duty during time of war or national emergency.

This must be accomplished under conditions of employment not found in any other line of work in the world—it is totally unique. For instance, in the Army's case, 32.5% of the force is overseas. Each of the members of the Armed Forces operates with an employment contract no union would ever countenance:

Service members, without recourse, can be: legally required to fight anywhere in the world, and may be punished if they disobey orders to do so; exposed to hazard when and as long as the national leadership believes appropriate, without regard to personal preference, and may be used at whatever tasks required without rigid conformance to the occupational specialty of the individual; "fired," despite fully satisfactory performance, in mid-career for any momentary convenience to the Government, while others are not allowed to leave, even though they may desire to; and retired without regard to personal preference or family circumstance or to necessary alternative employment, and may be involuntarily recalled to active duty when the need arises.

Service members relinquish to the parent Service control over: whether, when and how long they will be exposed to the risks of combat—many current retirees have served in combat in three wars; whether, when and how often and where in the world they will have to relocate themselves and their families—18 or more times while individual children often go to 6–8 different schools; when, how often and how long they will have to work overtime, without extra pay—14-hour days are not unusual; when, how often and how long they will have to work at a location separated from home and family—sailors can spend 40% of service at sea and many soldiers' careers include 6 or more years on unaccompanied tours; and when, how often and how long they will be exposed to the conditions and hazards of field duty for training.

They also: forfeit right to quit if situation is personally unsatisfactory; risk job loss if fail to progress (promotion); and accept the risk of a truncated career, even for successful members.

Military members are not retired in the traditional sense of the term; they retain military status, are subject to the Uniform Code of Military Justice, many are restricted to job/pay limitations in retirement and are subject to recall to active duty. Over 132,000 of the Army's more than 260,000 retirees under 60 currently have specific mobilization assignments—hip pocket orders—in their possession.

That in a nutshell describes the conditions of servitude. I might add that other parts of the compensation package are under siege as well. You have capped military pay for the last three years and your Senate budget committee is suggesting that it be done again this year. If that happens, military pay will drop to 9.3% below comparable pay in the civilian sector as measured by the Employment Cost Index—which is the yardstick Congress uses.

As I indicated, service members are required to move every two or three years at the present time. Each of these moves costs the service member an average of $1,500.00 out of his own pocket—that doesn't happen in civilian life. These are but two examples that add to the service member's perception that a military career is becoming less attractive—while we extend a great effort to get and keep qualified people.

Approximately 13% of all personnel entering active service ultimately retire. During their entire careers each has been subjected to continuous quality screening (promotion boards, bar to enlistment) to the point where those reaching a 20-year career represent the top 10% of all Service personnel; the top 2% at 30 years or more. Clearly they are not average individuals. Moreover, they represent a substantial investment.

As of 30 September 1983, there were 1,052,291 nondisability active duty Armed Forces retirees compared to 180,827 in 1950. This increase is a direct result of national security decisions taken after World War II to maintain a 2,000,000-man active force as opposed to a pre-war strength of under 300,000.

The average nondisability retiree (30 September 1983) at time of retirement is indicated on this table:

	Rank	Age	Years of service	Percent of total
General officer	BG-MG	55	32	.3
Other officer	LTC	46	24	21.4
Warrant officer	CWO 3	44	23	3.6
Enlisted	SFC	42	22	74.5

We believe that there are some feasible actions which would make the military retirement system more palatable to its critics while at the same time safeguarding the system's important contribution as a major element of total military compensation.

One of the big hangups—at least one most frequently mentioned—is the voluntary 20-year retirement for officers. It is our belief that force management can be accomplished through involuntary retirements and thus it should be possible to lengthen the period of service for the convenience of the government for those who are not forced out. At face value this has the advantage of slowing down turnover in the force and reducing training requirements. It has the offsetting disadvantage of increasing the age of the force—a body of men and women who are committed to arduous tasks. But in our view this is not an overriding point.

We believe that the idea of increasing the retirement multiplier from 2½% per year to 3% per year after 24 years of service, thereby bringing the 30-year level to 78% of base pay, would serve to promote longer service and would compensate for the much-reduced ability to start a second career. In contrast, the officers who retire voluntarily at 20 years should receive a reduced annuity of 35% which would increase to 50% at the point the individual would have completed 30 years of service. Personnel forced to retire between 20 and 30 years, however, should have retired pay computed on the basis of the existing (50–75%) mulitipliers. This figures out to be about 38% to 57% of pre-retirement take home pay for 20 and 30 YOS retirees.

The Association of the United States Army supports any effort that will eliminate existing contradictions in the system and make it more easily understood by those who benefit from it and those who must support it. Our only caveat is that whatever is done to the system must preserve its value as an incentive to serve and an equitable culmination of the service. Anything short of that would be a disservice to the Nation and a breach of faith with the military people who serve our country.

Senator WILSON. Thank you very much, General Cocklin.

Did the Association of the Army come up with this proposed innovation based on study of the Fifth Quadrennial Review?

FIFTH QUADRENNIAL REVIEW

Mr. COCKLIN. No, sir, we did not. I took that recommendation from the same testimony I gave in 1977. However, we have worked closely with and examined the recommendations of the Fifth Quadrennial Review, and I might just say——

Senator WILSON. Let me invite you to comment on that.

Mr. COCKLIN. I just want to make one point, that Dr. Korb gave several of the reasons why people associated with the military are very wary about getting those recommendations involved in the legislative process. But we were also concerned about the actual recommendations they made, because many of us have great concerns about the economic models on which all those recommendations are based.

I am not an economist, but as I got briefed by that group I have a sense of unease that they were using as a baseline for much of their computation a model which, while they tried to explain it to me, it was not clear that it was good information. And I think that that is one of the reasons why—and I am surmising this now, but it would be easy to check. I think that is one of the reasons why the Joint Chiefs and others associated with people in uniform were kind of leary of the recommendations.

Senator WILSON. The mathematical to which you refer, is that one that attempted to predict force requirements, or is it——

Mr. COCKLIN. No, it is the one that predicted the economic—what people would do with the money when they got it. For example, one of the things that bothered a lot of us was to say, all right, one recommendation is you give them a big sum of money up front. That was more attractive to Corvair salesmen in our opinion than it was to the welfare of the people who were serving.

It has not been my experience, nor has it been the experience of the military in a variety of ways, to have great confidence in giving young people large sums of money in one chunk with the expectation that this will replace retirement income or income that they should be drawing over a period of time.

Senator WILSON. Which is why your recommendation does not contain this early withdrawal feature?

Mr. COCKLIN. Yes, sir.

There is another very good reason, too, sir. Most of the concern about retirements that is being expressed now has to do with saving money. It certainly was not clear to me—and again, this may be my lack of understanding of economics—that there is any money to be saved in the short term at all by producing money up front.

Senator WILSON. I think your understanding is probably correct. I think that there is a conflict facing those who are concerned with the costs of retirement, in that some of the things which they think might long term produce savings in the short term will produce a greater cost than is currently the case.

Mr. COCKLIN. The problem there, sir, if I may just interrupt for a second——

Senator WILSON. Yes, go ahead.

Mr. COCKLIN. The corporate memory of what was promised by preceding Congresses does not seem to—for example, the preceding Congress in 1980 I think, was very strong in coming out and saying that we are going to have COLA's so that we have comparable pay and we are going to have COLA's so that the pay stays comparable with the civilian sector.

CAPPING COLA'S

And as I indicated in my comments, that has not happened. We have capped the pay in 1981, 1982, 1983—1982, 1983, 1984, that is, and now we are talking about 1985. So the commitment which the serving people felt they had from the Congress only took a year to be overturned. That is another reason why you find a lot of reluctant dragons who would mess with the retired pay at all.

Senator WILSON. You have expressed some concern about the model which was the basis from which the Fifth Quadrennial Review recommendations arose. Let me ask you about your own proposal. Have you been able to, through some kind of modeling or otherwise, predict what the effect of that would be on force structure?

Mr. COCKLIN. No, sir, we have not. What we have done over this period of time and primarily in informal surveying, if you will, is to discuss this with people who have served—get their reaction—how they felt it would impact on them as members of the service. This can be translated, if you will, into, yes, I would stay under those circumstances, or that would be an adverse proposition that I would have to consider in my decision whether or not I was going to remain in the service.

Senator WILSON. How has this measurement been made, by surveys?

Mr. COCKLIN. No, sir. This has been done primarily by talking with groups. I frequently in the course of my duties have to visit a lot of the units in the Army, and obviously when the Q and A period comes, retirement is right up front when we talk.

And then I have asked, supposing this came up, what would be your reaction to that sort of thing? Or what would be your reaction, we asked quite a few people, about the QRMC? I think I have reasonably accurately conveyed their concerns about the recommendations that were made there.

Senator WILSON. When you said that you asked people about the QRMC, do you mean describing it to them?

Mr. COCKLIN. It is very complicated, so all you can really do is——

Senator WILSON. I think if you asked most people they will look at you blankly.

Mr. COCKLIN. You say, here is what the QRMC recommended. It is very superficial, I agree with you.

Mr. MCKINNEY. Mr. Chairman?

Senator WILSON. I am going to invite the other members of the panel to respond to some of the questions I have asked, but let me just ask one more of General Cocklin. Have you calculated what the cost implications or cost savings flowing from your proposal would be?

Mr. COCKLIN. We can provide that for the record. I do not have it here with me this morning.

Senator WILSON. Let me ask that you do so.

[The information follows:]

The cost implications of the proposal to reduce retired pay for officers voluntarily retiring before DOPMA mandatory service dates are as follows:

Using constant FY84 data, the proposal is estimated to save $19M annually.

However, it is estimated that the current 75% voluntary retirements would shift to 25% because of the 15% penalty associated with early retirement under the proposal—the primary objective of our proposal. If this in fact occurs, dollar savings in the retirement account would be reduced. Although longer service is a goal, DOPMA grade limitations preclude significant increase in average service length if promotion stagnation is to be avoided. However, under the promotion board selection-out procedures necessary under this plan, those officers who do stay for the full DOPMA career would be, for the most part, the best qualified individuals, thereby maximizing return of investment through improved efficiency of the Armed Forces. At the same time, this proposal would protect the right of career noncommissioned and petty officers to a 20-year retirement without penalty, a key element to retention of these most essential members of the Armed Forces.

Senator WILSON. Mr. McKinney, you wanted to comment?

COST EFFECTIVENESS AND LONGER SERVICE

Mr. McKINNEY. I wanted to comment, Mr. Chairman, on the fact that we have, it seems, two lines of thought running out there, and sometimes within the same mind. That is, we talk about cost effectiveness and then we talk about longer service.

We cannot have cost effectiveness if we have longer service. Dr. Korb referred to this and it is something we brought to the attention of the Fifth QRMC in its beginning, was the longer you keep people in the service the more it costs the service.

Also, by keeping people longer in the service or forcing them to stay in, we have a problem in stagnating promotions and we put a lid on ambition. Then we get to a point where we go back to years ago when we had to throw some of the senior people out of the services because they were too old or just were hanging around until they were thrown out.

Today's force is the finest that I believe we have ever had in peacetime, and I think we should do everything in the world to keep it that way.

Mr. CATLIN. I would like to add my comments to that, too. The Fifth QRMC to our young enlisted and junior officers was based primarily on mathematical and econometric models, which are obviously based on assumptions, and their concern was that the people making these assumptions would never have to live with the results of their decisions. They would go to another mathematical problem and it would be left to the young airmen and the young officers to live with it.

And that is why they are so concerned about the so-called results of the Fifth QRMC.

Senator WILSON. Mr. Catlin, let me invite you to amplify on that. What specific assumptions would the Air Force Association challenge?

Mr. CATLIN. We would have to go back and get the study. As you know, it is about 5 inches thick. But each of them was based on a degree of assumptions and econometric information——

Senator WILSON. That is quite true. I think that statement is valid. But having agreed with it, I would say that I think it is very much on point for us to know what specific assumptions you think are invalid or which you would challenge.

There is no question and no one would argue that they did base the model on assumptions and that they did model from those assumptions. That is a matter of fact. So we are then, I think all of us, held to look at the assumptions. So I would ask you formally to do that, and at whatever length you choose, let us have the response.

Colonel Hennrikus?

EARLY RETIREMENT

Mr. HENNRIKUS. With respect to the early retirement, it is my understanding that any voluntary retirement between 20 and 29 years is within the control of the service. The service secretary has to approve any voluntary retirements during that period of time. The fact that we do have so many retirements within that period indicates that the service managers are satisfied with the current system.

As I say, I am in no position to oppose or to support anything other than the system we have right now. But the fact of the matter is that, as Dr. Korb gave you the average ages and years of service of retirement in the enlisted and officer ranks, apparently the people running the show are satisfied with the system the way it operates or they would have invoked this right to stop voluntary retirements.

Senator WILSON. Let me ask you this, Colonel, but first I would comment on your statement. I think that your point as a matter of law is accurate, though I am told that it has come to the point now where advice has been given to some of the service secretaries that, though theoretically they have the ability to refuse to accept a resignation, that they may not. But in any case, your general point I think is well taken, that the practice has been to do so.

Let me ask each of you two things. First—and I know the answer to the first, that you have not really—or at least I know—that you have not had an opportunity perhaps until this morning to learn of the proposal made by the Association of the United States Army. I would be interested in your response or your association's response to it.

And second, have you or have your associations formally considered the various options presented as a result of the Fifth Quadrennial Review, and if so have you comment on them. I would infer from your testimony this morning that, with the exception of the Association of the United States Army, your associations want no change and are proposing none.

But is that in response to a formal consideration of those Fifth Quad recommendations, or those options, since they have not yet recommended one? Mr. Nolan?

Mr. NOLAN. If I may, to answer your first question, the Fleet Reserve is completely puzzled, because we keep hearing from the civilian side, the public, about longer service than 20 years, and then we hear these various proposals such as AUSA's to increase and reward longer service past 20 years.

In the very first place, I have been here 23 years now working in this field and I never heard of the services, military services or Department of Defense having any problem with retention beyond 20 years.

And in the second place, military service is such that those who stay beyond 20 years are usually, particularly in the officer groups, are usually promoted to higher grade and have a multiplier that is based on percentages and years of service, so they are automatically rewarded for longer service.

So I just do not understand why someone would thoroughly back increased benefits for longer service beyond what the current system already offers.

FIFTH QUADRENNIAL REVIEW

Next I would like to speak to the Fifth Quadrennial Review. I had the privilege of cutting my teeth on quadrennial reviews when Admiral Hubbell headed the First Quadrennial Review, and I would like to comment on the Fifth Quadrennial Review and compliment them, because I feel for the first time—everybody has gotten all excited about their four alternatives, but I do not think they have read closely what the Quadrennial Review, what I call the bottom line of it is.

And that is, they are saying—and the reason I understand, the reason that these were offered as alternatives rather than saying we prefer this proposal over that one and so forth, the bottom line is that if you make changes to the system, you stand the risk of upsetting the apple cart on your force readiness. And that is a decision the Congress is ultimately going to have to make.

The Fleet Reserve Association is of the opinion, if something is working and we are at the period of our highest enlistments and highest readiness and everyone amongst the associations and the military itself testifies we have the finest personnel force in the world and in the history that we have known, then you fall back on the old adage: If something is working real well, why fix it?

Senator WILSON. While you have the microphone, let me ask again, because I want you to state for the record. Has your association, have they formally considered the options of the Fifth Quadrennial Review?

Mr. NOLAN. Certainly, sir; General Sherman wrote a short, 32 page, I think six by nine, summary of the findings, and when he released that the Fleet Reserve Association had 50,000 copies of it reprinted. We sent it to every single member of the association on active duty, which at that time was around 20,000 of our 125,000 membership.

We sent it to every command chief petty officer in the Navy and command career counselor, to the command sergeant majors of the Marine Corps, and to the command senior enlisted advisors of the Coast Guard, and made it as plentiful as possible.

At our convention last September, General Sherman was kind enough to come to our convention and give the entire delegation, over 500 delegates at that convention, a very good, thorough, layman's language, if you will, understanding of just what that study consisted of, how they arrived at it.

Now, I agree that it is made on assumptions, but once again, like I said, they offered these as alternatives. They did not come down and say, this is the best way we could find to do these things. The bottom line was, they also said you got to figure out what is going to happen to the force readiness.

And as I understand from talking to General Sherman, they went to the individual services at the start and said, what kind of a force do you think you are going to need for the foreseeable future, and worked toward that goal, and tried to weigh everything that they would find out and recommend again.

And by and large, I think the Fifth Quadrennial Review was the most thorough, most sound of the quadrennial reviews we have seen to date.

Senator WILSON. And did your association formally by resolution either accept or reject those?

Mr. NOLAN. No; we thought that we would wait and see what else is proposed. We had the Grace Commission on the other hand, which we totally oppose, of course, and we wanted to, in an effort to be reasonable about this, find out what the House and Senate Armed Services Committees think of the proposals. So I think it is a plus that we did not reject them out of hand.

Senator WILSON. Colonel Hennrikus, did your organization?

Mr. HENNRIKUS. Yes, we gave close consideration to it and, like the Fleet Reserve, we were carefully briefed by General Sherman and his staff all through the process of the study, and we were very impressed with what he did. He put together a foundation of data that will be valuable to people many years into the future.

In looking at the alternatives themselves, we took the position that most of the services did and Dr. Korb expressed today, that, given the deficits, the budget situation we have to look forward to for the next few years, it is really unrealistic to look at acceptance by the Congress of that full package in any shape, any of the four alternatives.

Therefore, we did not endorse any of those four alternatives. Now, with respect to retirement and whether it be redesigned earlier or late or whatever, as I mentioned earlier, we are looking for any recommedation that might be made and we will determine from within our own knowledge and background as to whether we can accept it.

We again feel that the current system works well and the managers seem to be able to work well with it, and we would like to see it retained in basic structure, even though we recognize refinements are constantly made and they have been made over the years.

Mr. CATLIN. We too were briefed by General Sherman and his team, and our convention did not adopt the recommendations of the Fifth Quadrennial. We did not reject them, but we just feel that more time is necessary, more information is needed, before we adopt them.

Senator WILSON. Mr. McKinney?

Mr. MCKINNEY. Mr. Chairman, in answer to question number one on the proposal by AUSA, I do not think my association is qualified to respond to that. We still believe that RHIP, rank has its privilege, and if they want to do it for the officers they may do so. I do not want to see it for the NCO's and petty officers.

As far as the——

Senator WILSON. You want to go to heaven, but not with that crowd, is that it? [Laughter.]

Mr. MCKINNEY. The Fifth QRMC proposal has been discussed by our legislative committee at our convention in August of last year. Based on their review of the alternatives and the fact that we conducted a rather unofficial survey, reproducing the alternatives in our monthly journal which goes out and asking for people to respond to various questions, we received a number of them from active duty people, and 71 percent of them preferred to stay with the current system.

Those who opted to go with alternative number three of the QRMC, which was the next greatest number, said they wanted to get their money up front before Congress changed its mind again.

Senator WILSON. All right. Thank you.

General Cocklin, what is the procedure by which the AUSA adopts or in a sense has adopted your proposal?

Mr. COCKLIN. We have a resolutions committee which meets prior to our annual meeting each year in October and makes recommendations to the committee. And generally, these are left broad enough so that we have got a little room. We did not vote up or down on QRMC, for example.

This proposal which I mentioned first came up in 1977, has been looked at by our committee over time. There was no specific resolution passed at our last meeting guiding what I said here this morning. It is the broad spectrum that we are working with.

We did have, like all else, General Sherman obviously talked with our people. We devoted a whole afternoon session to talking about the whole retirement program, not only General Sherman but with others. But it was for the information of our people, rather than for purposes of taking a position.

Senator WILSON. All right. Gentlemen, before I excuse you, let me make two requests of each of you. You have indicated that you do a great deal of work in attempting to assess the opinions of your membership, and by whatever mechanism you have to do that, through surveys or questionnaires, I would be interested in learning what the effect is on the decision of someone who is contemplating voluntary retirement, what the effect is of the perceived limitations on his or her marketability in the civilian marketplace because of entering at a comparatively advanced age.

Or, to put the question another way, because a military retiree is coming into the labor force, the civilian labor force, after something like 20 years and may predictably encounter some difficulty as it relates to competition with those who entered that same civilian marketplace out of high school or college, to what extent are they influenced to make the decision earlier rather than later because of the fear that if they persist in a military career they will find the ability to enter that civilian marketplace increasingly difficult?

[The information follows:]

NON-COMMISSIONED OFFICERS ASSOCIATION
OF THE UNITED STATES OF AMERICA,
Alexandria, VA, March 27, 1985.

Hon. PETE WILSON,
Chairman, Subcommittee on Manpower and Personnel,
Washington, DC.

DEAR MR. CHAIRMAN: In the March 19 hearing on Military Retirement you asked the panel of military organizational representatives to advise the subcommittee on the perceptions servicemembers approaching retirement may have concerning their qualifications for civilian employment and at what age do they believe it necessary to seek a second career.

For noncommissioned and petty officers it's a "mixed bag" so to speak, mostly related to other factors. Few are concerned with their age, but there is a considerable lack of confidence among many as to their credentials to qualify for other than unskilled tasks. Of course, this is true only for those who do no t possess civilian-related military skills.

The Non Commissioned Officers Association of the USA (NCOA) has since 1973 exclusively sponsored Veterans Job Fairs throughout the United States and Hawaii. Most are conducted near large concentrations of military personnel. (e.g.-Washington, D.C., San Diego, CA, San Antonio, TX, and Seattle WA). This offers participating commercial and governmental entities a broad spectrum of job-seeking veterans, including soon-to-be discharged and retired servicemembers, to interview. Additionally, the Association conducts a job-assistance and resumé advisory program to aid its membership and other servicemembers and veterans who wish to avail themselves of these services.

Through these three programs, NCOA is able to obtain information among the participants as to why they are seeking civilian employment. For potential retirees the motivating factors are: (1) the family, (2) stagnation, and (3) force management.

The Family.—The servicemember and family desire to stabilize their future years by settling in a location where there are no vicissitude related to employment. Many have dependent children who are either close to completing high school or ready to enter college.

Stagnation.—The servicemember has attained his or her highest grade and the future offers only minute longevity increases in pay. Further, congressional pay caps, particularly over the past 10 years, continue to reduce the purchasing power of the military-earned dollar.

Force Management.—Service regulations require the member to voluntarily seek retirement or face the probability of being denied reenlistment. For the latter, such a denial precludes the receipt of retired pay. Many have reached an age where they cannot perform arduous tasks related to combat or combat related occupations, e.g.-infantry, fuel handlers, engineers, etc. Since they possess no other skills, the services have no further use for their specialties.

In those cases where the servicemember has no civilian-related military skills, the individual is deeply concerned that his or her qualifications will not offer employment in other than low-paying jobs. Many seek employment in such occupations as security police or guards, salesclerks, stock persons, etc. Unfortunately, this may be attributed to the minomer among the services that few if any civilian firms need riflemen, artillerymen, bulk fuel handlers, shore-partymen, etc.

NCOA attempts to wipe out this sort of thinking through interviews with concerned individuals. Its Job Fair and Veterans Employment Assistance staff tries to instill confidence in the job-seeker so that he or she is aware there is a qualifying factor that can be used in seeking civilian employment—years in performing leadership skills. This valuable commodity can be and is used to gain positions as middle-managers. Even if the servicemember is not familiar with the product, many firms will willingly train him or her for a designated supervisory position.

It is of interest to note that NCOA does not encourage people to leave the military for civilian employment. It has sponsored "Retention Fairs" and always offers active duty and reserve recruiters the opportunity to set up booths at its job fairs. These booths are always the first ones nearest to the fair's entrance. Further, there have been many who opted to remain in the military after speaking with the recruiters.

Perhaps this has been a more extensive response than you desired. However, I thought it was important to provide as much information as possible so the subcommittee is cognizant of the Association's experience in dealing with servicemembers and veterans seeking civilian employment. If too lenghty for the subcommittee's purpose, please extract the desired information.

Again, thank you for inviting me to present the views of the Association's membership before the subcommittee on March 19.

Sincerely,

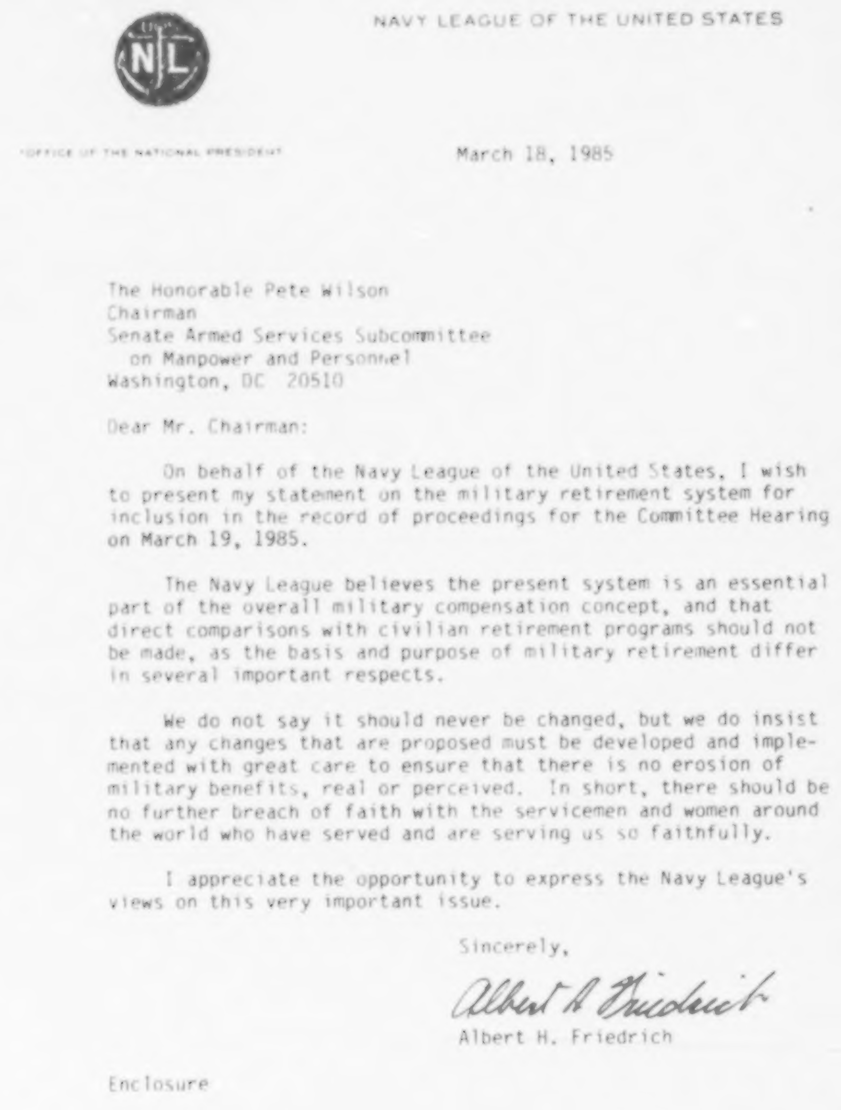
C.A. "MACK" MCKINNEY,
Sergeant Major, USMC Retired,
Vice President for Government Affairs.

Senator WILSON. The second thing that I would ask of each of you, with the exception of General Cocklin, is I would be very much interested to learn whether or not—and I guess Mr. McKinney is excused from this, too. I take his response to mean that. I would like to know, though, quite seriously, what the response of your organization is to the proposal that has been advanced today by General Cocklin on behalf of AUSA.

And with that, I will thank you all for your effort and the statements that you have made and the questions that you have answered. We are very grateful for the time and trouble that you have taken to assist the subcommittee.

For any who wish to submit written comments, let me repeat again that we will be happy to accept them and make them a part of the record if they are received by Mr. Tucker or Mr. Finn of the committee staff prior to the close of business on the 25th of this month.

[Additional responses received at the request of Chairman Wilson:]



NAVY LEAGUE OF THE UNITED STATES

OFFICE OF THE NATIONAL PRESIDENT

March 18, 1985

The Honorable Pete Wilson
Chairman
Senate Armed Services Subcommittee
  on Manpower and Personnel
Washington, DC 20510

Dear Mr. Chairman:

On behalf of the Navy League of the United States, I wish to present my statement on the military retirement system for inclusion in the record of proceedings for the Committee Hearing on March 19, 1985.

The Navy League believes the present system is an essential part of the overall military compensation concept, and that direct comparisons with civilian retirement programs should not be made, as the basis and purpose of military retirement differ in several important respects.

We do not say it should never be changed, but we do insist that any changes that are proposed must be developed and implemented with great care to ensure that there is no erosion of military benefits, real or perceived. In short, there should be no further breach of faith with the servicemen and women around the world who have served and are serving us so faithfully.

I appreciate the opportunity to express the Navy League's views on this very important issue.

Sincerely,

Albert H. Friedrich

Albert H. Friedrich

Enclosure

STATEMENT OF ALBERT H. FRIEDRICH, NATIONAL PRESIDENT OF THE NAVY LEAGUE OF THE UNITED STATES

Mr. Chairman and Members of the Committee:

It is my honor to speak on behalf of the 50,000 members of the Navy League of the United States who stand for a strong America - a nation morally, economically and internally strong. We of the Navy League believe that the security of our nation and of the people of the free world demands a well-balanced, integrated, mobile American defense team, of which a strong Navy, Marine Corps, Coast Guard and Merchant Marine are indispensable parts. Founded in 1902, the Navy League is the leading civilian organization in support of the sea services.

Let me point out that unlike most military support organizations, none of our members is on active duty with any branch of the armed services, nor is our membership restricted to retired personnel. Mostly, we are ordinary citizens from all walks of life who share the same values of patriotism.

The Navy League deplores the unwarranted attacks on the military retirement system by public officials. We believe it is a disservice to our nation when the news media give widespread publicity to the misconceptions of the system.

Last July during our 82nd National Convention in San Diego, the membership adopted a resolution endorsing adequate and just military compensation, health care, and retirement systems, and deploring the erosion of benefits and entitlements.

Unquestionably, of all the elements of the military retirement system, retired pay has been singled out most for scrutiny and criticism as being too costly and too generous. It is unfortunate that the tendency has been to review it as a separate entity, rather than as a part of the total compensation concept for the active forces. Direct comparisons are made with civilian retirement programs, while in fact, the basis and purpose of military retirement differs in several important respects.

The fact that the cost of military retirement is a line item in the annual Defense Department's budget serves to focus full attention on this issue. The cost of retirement benefits for federal civil service employees exceeds the cost of military retirement. Even so, one hears little criticism of that system since other departments and agencies of the federal government are not required to include retirement costs in their budgets.

As you well know, members of the Armed Services endure great personal hardships and make many sacrifices for the defense of the United States and, in fact, of the entire free world. They are called to spend long periods of time away from home. Most lose money each time they are transferred. Their children often are required to interrupt their schooling. Significant numbers of military personnel serve at isolated duty stations unaccompanied by their families, and very often at great personal risk. A few -- in recent years only a very few, thanks in large part to the rebuilding of U. S. defense which the Reagan Administration has initiated -- still pay the supreme sacrifice, even in peacetime.

It is interesting to note that the basic principles of the present military retirement system were developed prior to the systems found in industry today. A number of its unique features grew from the nation's needs to maintain a vigorous and capable fighting force and to overcome personnel problems and superannuation.

Changes implemented in the military retirement system since 1980 alone have reduced lifetime retirement pay by approximately 20% for those fully affected. Further, while individual Social Security benefits have increased 11% in real dollars since 1980, the earning power of military retired pay has decreased by 2% during the same period.

We believe that further reductions in the military retirement program will have an adverse impact on the retention of trained personnel which directly equates to a loss in readiness. We can recall that it was only a few years ago when the Navy literally had to tie up some of its ships because it did not have the qualified personnel to man them.

In the last 13 years, five Pentagon studies and reports recommending changes to the military retirement system have been sent to the White House, OMB, and Congress. No action was taken on any of them.

The Navy League believes the military retirement system is an essential part of the overall military compensation program. The present system has proven time and again that it is one of the strong incentives which motivates military personnel to continue to serve.

We do not say it should never be changed. But we do insist that any changes that are proposed must be developed and implemented with great care to ensure that there is no erosion of military benefits, real or perceived. In short, there must be no further breach of faith with the servicemen and women around the world who have served and are serving the United States so faithfully.

I appreciate the opportunity to express the Navy League's views on this very important issue.

Statement of

MajGen J. C. Pennington, USA Ret
Executive Vice President
The National Association for Uniformed Services
before the

Subcommittee on Manpower and Personnel
Committee on Armed Services
United States Senate

March 19, 1985

Mr. Chairman and members of the Subcommittee, I welcome the opportunity to present the views of the National Association for Uniformed Services to this distinguished panel.

The National Association for Uniformed Services (NAUS) is unique in that we represent all grades and ranks of uniformed services personnel and their spouses and widow(er)s. Our membership includes active, retired, and reserve personnel of all seven uniformed services: Army, Navy, Air Force, Marines, Coast Guard, Public Health Service, and the National Oceanic and Atmospheric Administration. With such a membership, we are able to draw information from a broad base for our legislative activities.

The military retirement system is first and foremost a manpower and force management tool. It is only part of the entire military compensation package. Any review of the retirement system must include a review of all regular military compensation and an assessment of the recruiting, retention, and force quality impact any changes might have. The current compensation and retirement system ensures that the services can maintain a smooth, balanced promotion plan; it keeps the military force young, flexible and prepared to perform any task worldwide on short notice. As

---

A hearing on military retired pay.

a result of numerous studies and changes the system has evolved as the Nation's best effort to satisfy our defense needs while providing fair and adequate compensation to uniformed service members and their families.

I would like to dispel some of the mythologies and misinformation associated frequently with military retired pay.

FICTION: *Military retired pay is a pension.*

FACT: Military retired pay is not a pension. It is reduced compensation for reduced military service. Members are subject to the provisions of the Uniform Code of Military Justice until death. They may be recalled to active duty. Contingency mobilization plans require recall of up to 86% of retired members. There are severe lifetime employment restrictions on former military personnel.

FICTION: *Military retired pay is lavish.*

FACT: The median grade for all retirees is pay grade E7, whose retired pay averages $13,716 annually. Over two-thirds of all personnel receiving retired pay are enlisted. Over 48% of current retirees draw annuities below the poverty level for a family of four. Nearly all retirees must work since retirement income generally is no more than a supplement to their earnings. On average, military retirees earn 20-27% less than do similarly educated and skilled workers in the civilian community. Lifetime earnings of such personnel amount to 20% less than their civilian counterparts.

FICTION: *A COLA freeze is a fair and equitable means of holding down retirement costs with little impact on retirees.*

FACT: A COLA freeze is a breach of the contract between military personnel and the U.S. Government. The service member agrees to go anywhere in the world at any time; to fight when and where required; to do any task without regard to personal preference; to relocate, with family, frequently; to obey orders including those disagreed with; to be subject to court martial and prison upon failure to obey or to perform tasks satisfactorily; to work overtime without additional compensation; to forego vacations as required; to forfeit accrued leave if duties demand it; to forfeit the right to quit; to be subjected to reduction-in-force actions periodically and job loss if not selected for promotion; to accept risk of a truncated carrer even if successful. Once no longer on active duty, the service member is subject to court martial throughout life; is often prohibited from taking jobs in those fields where most qualified and most logically could find employment; is subject to recall regardless of personal preference.

In consideration of the above, the Government agrees to provide regular military compensation to include retired pay at one-half basic pay (35% of active duty pay and allowances) for those retired at 20 years, and three-fourths basic pay (56% active duty compensation) for those serving 30 or more years. For those entering after September 30, 1980, the pay is less since it is calculated on the average of high-three years of basic pay.

To eliminate or reduce the cost-of-living allowance is a breach of the contract. Current changes to the cost-of-living allowance formula proposed by the Budget Committee will cost an E7 retiree whose retired pay is already below the poverty level, 25.4% of his lifetime purchasing power. To so trivialize past military service would be a national disgrace.

Before 1958, active duty and retired pay were linked. A change in one resulted in a change in the other. In 1958, the two were delinked. In its place a mechanism was developed by Congress which would guarantee that the "purchasing power of retired pay to which he was entitled at the time of retirement would not, at any time in the future, be eroded by subsequent increases in consumer prices."

FICTION: *If Social Security payments and Civil Service annuities are frozen, it is only fair not to pay military retired pay COLA's.*

FACT: The objectives of Social Security have no relationship to earned military retired pay or Civil Service annuities and the programs should not be compared. Likewise, military retired pay is designed to serve different purposes than the Civil Service annuity. To use "fairness" as the basis for changing the terms of the service member/U.S. Government contract does not recognize the differences. Any elimination of the military retired pay COLA should be done with full realization that it is a breach of contract that will not go unnoticed by the young people currently being recruited and those now serving. If changes to the retired pay system are made they should be made up front, before the military member performs the service so that everyone knows beforehand what the terms of the contract are. This logic applies to COLA's as well as to any structural changes to the system. As a result of the recent publicity on retirement, a cadet at one of the Nation's top military schools majoring in electrical engineering recently made the statement: "I might change my mind about a military career and go for the big bucks as my instructors have recommended. I don't want to work for an organization that doesn't honor its contracts."

FICTION: *The retirement system encourages the Armed Forces' most skilled technical personnel to retire at a young age when they are just reaching the peak of their careers.*

FACT: There is popular perception that the civilian ADP specialist and maintenance crew chief are comparable to their military counterparts at the 20-year point. This perception of the skilled military ADP specialist working in air-conditioned surroundings as does the civilian employee does not agree with the facts. While some job assignments may be similar to those performed by civilians, for the most part that is not the case. The civilian and the military member have totally different contracts.

A more realistic picture, once out of the Washington area, is of the ADP specialist in battle dress uniform, hooking up generator cables to his ADP van in sub-zero weather while on maneuvers after serving as Sergeant of the Guard for the past 24 hours. He is supervising a section at 80% strength, requiring both himself and his unit routinely to work overtime to accomplish the mission. He has completed two or three years in combat or on hardship tours separated from his family and 3 to 10 years in other overseas locations. His children have seldom attended one school for longer than 2 or 3 years. Much of his generous annual leave authorization is spent moving, looking for housing and enrolling children in new schools.

In addition to being a maintenance crew chief or ADP specialist, he is a "soldier first," and is qualified in the M16 rifle and perhaps other weapons; he may, on a moment's notice, be ordered anywhere in the world either in his primary job or in a combat role.

After 20 years of this life, many are no longer willing voluntarily to endure the uncertainties and hardships. At the same time, the military force managers know that to ensure adequate numbers of young, vigorous individuals are in the force, not all members should be continued beyond the 20-year point to compete for senior leadership and management positions. The current system provides both parties to the contract a reasonably satisfactory solution. Any change must be carefully considered.

It is not the 20-year retirement that causes the loss of skilled personnel. It is the 20-year retirement that provides the incentive for skilled personnel to continue in service. By the eighth to tenth year a service member is highly skilled and has made a significant career investment and has the 20-year retirement point in sight. To change it risks pushing the retirement point so far into the future that it is no longer a career continuation or recruiting incentive.

FICTION: *The cost of military retirement is too high.*

FACT: Based on a fiscal year 1983 analysis, military retired pay is less than one-half of one percent of the Gross National Product and only 6% of the Defense budget. Retirement costs will increase at less than four-tenths of one percent per year until 2043 when they will stabilize.

FICTION: *Military retired pay has become increasingly generous and should be cut.*

FACT: Changes implemented in the military retirement system since 1980 alone have reduced lifetime retirement pay by approximately

20% for some retirees. Further, while individual social security benefits have increased in real dollars since 1980, the earning power of military retired pay decreased by 2% during the same period.

FICTION: *Military retired pay is six times more expensive than other plans.*

FACT: Comparative analysis with private sector old-age pension programs shows the military system 1.2 to 1.5 times more expensive than average.

In summary, the military retirement system is doing a reasonably good job. Any changes must be made with careful attention to impact on force management, recruiting and retention. Further, the U.S. Government must keep faith with those who have already completed most of their service.

Fact sheet

MILITARY RETIREMENT

--A PRIMER--

LANDPOWER

Association of
The United States Army
2425 WILSON BOULEVARD • ARLINGTON, VIRGINIA 22201
COMPILED UNDER THE AUSPICES OF
AUSA'S LANDPOWER EDUCATION FUND

MILITARY NON-DISABILITY RETIREMENT SYSTEM

--A Primer of Facts--

The military retirement system is a major element of total military compensation. With the other elements of military compensation and personnel policies, it serves to shape a ready armed force and support mission readiness. To do this it must support the overall manning objectives of the armed forces with the numbers and quality of personnel needed.

Consequently, while comparing the U.S. military retirement system with those of other countries, with U.S. civil service firefighters, police, air controllers and those of the private sector may provide useful insights, it will not provide a definitive answer as to how well the U.S. system is designed to contribute to force readiness. Each organization has unique needs. For the U.S. Armed Forces the fundamental needs of the retirement system are to:

--Maintain young, vigorous and mission-ready forces capable of operating efficiently both in peace and war by providing for a continuing flow of officers and enlisted personnel to meet the Services' needs.

--Establish the choice of a career in the Uniformed Services as a reasonable competitive alternative by providing a measure of financial security after release from active or reserve duty (retirement) for servicemembers and their survivors; and

--Support a mobilization base of experienced personnel subject to recall to active duty during time of war or national emergency.

This must be accomplished under conditions of employment which are not found in any other field in the world.

--The U.S. Armed Services are a force deployed; 32.5% of the Army is overseas. (Appendix A)

--Servicemembers, without recourse, can be:

. legally required to fight anywhere in the world, and may be punished if they disobey orders to do so;

. exposed to hazard when and as long as the national leadership believes appropriate, without regard to personal preference, and may be used at whatever tasks required without rigid conformance to the occupational specialty of the individual;

. "fired," despite fully satisfactory performance, in mid-career for any momentary convenience to the Government, while others are not allowed to leave, even though they may desire to;

. retired without regard to personal preference or family circumstance or to necessary alternative employment, and may be involuntarily recalled to active duty when the need arises; and

--Servicemembers

- Relinquish to the parent Service control over:
    - (1) whether, when and how long they will be exposed to the risks of combat--many current retirees have served in combat units in 3 wars.
    - (2) whether, when and how often and where in the world they will have to relocate themselves and their families--18 or more times while individual children often go to 6-8 different schools;
    - (3) when, how often and how long they will have to work overtime, without extra pay--14-hour days are not unusual;
    - (4) when, how often and how long they will have to work at a location separated from home and family--sailors can spend 40% of service at sea and many soldiers' careers include 6 or more years on unaccompanied tours;
    - (5) when, how often and how long they will be exposed to the conditions and hazards of field duty for training.
- Forfeit right to quit if situation is personally unsatisfactory.
- Risk job loss if fail to progress (promotion).
- Accept the risk of a truncated career, even for successful members.

The military retirement system is not an old-age pension system but rather three separate but interrelated benefit systems: a nondisability for retirement from the active service, a nondisability system for the reserves, and a disability retirement system. All three components were unfunded--until the accrual system was put into effect in 1984--noncontributory, and have been increased for inflation after retirement under a variety of schemes. Additionally, provision is made for optional survivor coverage. (Appendix B - Retirement System Principles; 5th QRMC)

Military members are not retired in the traditional sense of the term; they retain military status, are subject to the Uniformed Code of Military Justice, many are restricted to job/pay limitations in retirement and are subject to recall to active duty.

A listing of significant statutes relating to nondisability retirement and retired pay leading up to the current system are at Appendix C.

The military nondisability retirement system provides for the following:

- Noncontributory.
- Fully taxable as income.

. Social Security, to which military personnel contribute while in service, is additive.

. No vesting of retirement benefits accrue prior to 20 YOS. Officers released involuntarily prior to retirement eligibility receive severance pay; enlisted personnel do not.

. Service personnel with between 20-30 YOS are authorized to request voluntary retirement with pay. The Service Secretary has discretionary approval authority. Commissioned personnel do not have the right to voluntary retirement until 40 years of service; warrant officers and enlisted personnel acquire the right ten years earlier. The right is subject to suspension in times of emergency.

. Retired pay is calculated on the basis of the active duty basic pay of highest grade held (average of high-3 years of basic pay for individual entering service after 30 September 1980) times 2½% per year of service--50% basic pay for 20 YOS and a maximum of 75% of basic pay for 30 or more years of service. As military pay-civilian pay comparisons are based on military basic pay plus housing and quarters allowances and the tax advantage resulting therefrom (Basic Military Compensation-BMC), the percent of pre-retirement take home pay actually received by retirees in the form of retired pay varies from 38% to 57% of BMC for 20 and 30 YOS retirees, respectively.

. Since 1958, when the administration proposed separating active duty and retired pay adjustments, the Congress has, by a series of legislative actions, developed "an automatic mechanism which would, in the last analysis, guarantee every military retired member that the purchasing power of retired pay to which he was entitled at the time of retirement would not, at any time in the future, be eroded by subsequent increases in consumer prices." (HASC Committee Print #17, Title 37, U.S. Code, May 1982). See Appendix D for resultant retired pay increases.

. It does not include many of the add-ons available in the "Better" private sector retirement plans:

--stock options

--supplemental annuities

--thrift programs

--capital accumulation

--golden parachutes

How well does the retirement system perform?

The retirement system helps the retention of quality personnel only when the overall compensation system is adequate to recruit and retain quality in the short term and to draw sufficient personnel to the point of service where the retirement incentive becomes a predominant part of an individual's decision process.

Retirement is becoming increasingly more important in reenlistment decisions:

	Careerist *	First term
Army Survey Aug. 81	25.2%	8.2%
Feb. 83	29.3%	14.3%

* most important single factor

Retirement benefits are also the third most often given reason for initial enlistment. That this should be true in a volunteer service should come as no surprise to those whose only experience was during the Selective Service era.

Who Are the Retirees?

. Approximately 13% of all personnel entering active service ultimately retire. During their entire careers each has been subjected to continuous quality screening (promotion boards, bar to enlistment) to the point where those reaching a 20-year career represent the top 10% of all Service personnel; the top 2% at 30 years or more. Clearly they are not average individuals!

. As of 30 September 1983, there were 1,052,291 nondisability active duty Armed Forces retirees (out of a total of 1.3 million) compared to 180,827 in 1950. This increase is a direct result of national security decisions taken after World War II to maintain a 2,000,000-man active force as opposed to a pre-war strength of under 300,000. (Appendix E).

. The average nondisability retiree (30 September 1983) at time of retirement:

	Rank	Age	Years of Service	% of Total	Retired Pay*
General Officer	BG-MG	55	32	.3	
Other Officer	LTC	46	24	21.4	
Warrant Officer	CWO 3	44	23	3.6	
Enlisted	SFC	42	22	74.5	

* Average retired varies by date of retirement (Appendix F).

. In 1984, only 75 Army retirees (71 lieutenant general and full generals) receive more retired pay than the basic pay of individuals of same grade/length of service currently on active duty. This is due primarily to the Executive pay limitation legislation which caps the pay of currently serving generals and lieutenant generals. This number is undoubtedly less now due to recent rise in "cap" level to $5,724/month.

. Despite reports to the contrary, when compared to poverty levels for various family sizes, the retired pay of many retirees falls below the poverty level:

Family Size	% of Retirees Below Officer	 Enlisted	Total
1 ($4900)	.28	2.56	1.98
2 ($6280)	.43	7.73	5.88
3 ($7690)	.73	24.98	18.83
4 ($9860)	4.20	63.96	48.78 *
5 ($11,680)	8.58	81.89	63.30

* The most common size family of retirees.

Consequently the average retiree must work at a post retirement job. During the 7-9 year transition period from a military career to civilian work, for both enlisted and officer retirees, earnings are considerably less than those of their civilian peers--the difference is much more significant for male enlisted retirees. For both groups, earnings continue to rise relative to civilian counterparts until the end of the ninth year after separation. When a Service retiree's retirement pay is taken into consideration, the overall earnings picture significantly improves. This may account for recent report that most retirement benefits go to the wealthiest U.S. households.

. In keeping with one of the basic purposes of the retirement system, mobilization plans include the recall of 22% to 86% of the retired military, depending on the individual Service. Over 132,000 of the Army's 260,000 retirees under age 60 currently have specific mobilization assignments, "Hip pocket orders," in their possession.

What Does the System Cost?

--Retirement costs reflect the national policy since mid-50's to maintain a large standing force, with resulting increased retired population, inflation, higher active duty pay structure and increased longevity of retirees. (Appendix G)

. Retiree population growth (disability, nondisability and reserves) contributed to 19% of increased costs:

1955: 180,827; cost $422 million
1965: 480,563; cost $1.4 billion
1975: 1,043,923; cost $6.2 billion
1985: 1,400,000; cost $18.3 billion (1,085,000 nondisability, excluding reserves)

. Inflation responsible for 55% of increase.

. Active duty basic pay increases account for 21% of increase.

. Excess retired pay adjustments (1% kicker) added 5% to cost.

--Total retiree population growth will slow and level off at about 1.6 million. In terms of constant '85 dollars the system's cost will increase slowly to $22.4 billion in 2043 and level off.

--Comparative analysis with private sector old-age pension programs reveals that military system is between 1.2 and 2 times more expensive than the average, not 6 to 7 times as alleged by the Grace Commission.

--The unfunded liability for the entire military retirement system (non-disability, disability and reserve) is $564 billion. In effect, this is a residual cost of 3 wars and the deterrent effort in support of NATO during the past 40 years. As of 1 October 84, an accrual accounting system for future retirement costs of the current force has been made a part of the DoD budget, with the newly created Military Retirement Fund (Treasury Department) as the source from which payments of retired pay and survivor annuities are made. In effect, DoD will not have to bear the cost of past decisions from its appropriations.

Summary

- Achieving desired force personnel profile.
- Comparison with other retirement systems based on cost alone is invalid.
- Important element of total military compensation system. Any change (reduction) to retired pay must include perceived offsetting increases in other elements of system.
- Cost leveling out. Principal reasons for past increases are inflation, size of the active force and efforts to make Basic Military Compensation comparable with civilian pay.
- Retirees do not receive more retired pay than active duty counterparts at same grade/length of service. Pay is fully taxable.
- Average enlisted retiree with family of 4 receives retired pay which is less than poverty level. Must work.

AMERICAN FORCES: WHERE THEY ARE AT START OF '85

Total Overseas: 523,800

In Europe	Now: 351,700
West Germany	253,700
Britain	28,800
Italy	14,800
Spain	9,400
Turkey	5,400
Greece	3,700
Iceland	3,100
Netherlands	2,800
Belgium	2,500
Portugal	1,700
Other countries	800
Sixth Fleet	24,800

In Pacific and Far East	Now: 130,500
Japan/Okinawa	45,800
South Korea	40,800
Philippines	15,300
Guam	9,200
Australia	750
Other countries	350
Seventh Fleet	18,300

In Latin America and Caribbean	Now: 21,900
Panama	9,350
Puerto Rico	3,900
Guantanamo	2,300
Honduras	850
Grenada	170
El Salvador	50
Other countries	520
Naval forces afloat	4,800

In Mideast, Other Areas	Now: 19,700
Egypt	1,050
Saudi Arabia	550
Lebanon	25
Diego Garcia	1,250
Bermuda	1,500
Canada	550
Other countries	1,375
Naval forces afloat	13,400

Appendix A

QRMC

UNIFORMED SERVICES RETIREMENT SYSTEM PRINCIPLES

1. The retirement system is interrelated and inextricably linked with both the force management system and the compensation system. It exists to complement the management requirements of the Services in meeting the nation's national security objectives. As such it must serve several vital needs:

a. Provide for a uniform flow through the personnel structure to maintain young, vigorous, and effective forces capable of operating both in times of peace and war.

b. Recognize the long-term voluntary acceptance of a highly restricted, disciplined and controlled career in a society where others enjoy greater individual freedoms. It must recognize the arduous nature of duty in the Uniformed Services.

c. Maintain a mobilization base of experienced personnel who can be rapidly recalled to active duty.

d. Provide for the financial security of career military members in their old age.

e. Recognize that the personnel system is a closed entry system. Mid and senior grade careerists leaving the system normally can only be replaced by new, entry level accessions.

2. The retirement system is similar to other retirement systems only to the extent that each is structured to meet the objectives of an institutional or corporate entity. Overall requirements determine organizational objectives; objectives dictate personnel management requirements, which in turn determine the nature of a retirement system. Without commonality among organizational requirements it does not logically follow that retirement systems must be similarly structured.

3. The retirement system must be fair to both the service member and the taxpayer. It must be adequate to attract but primarily to retain the number of quality and experienced personnel required to perform the Services' missions.

4. The system must be stable to permit the individual service member to satisfactorily plan for the future. However, recognizing that future changes may be necessary, these changes should only apply to new service entrants while at the same time honoring commitments to those already retired.

5. The retirement annuity should be indexed to protect its future purchasing power. The same index should apply to all forms of service retirement and the survivor benefits based on the retired annuity.

6. The retirement system must be structured to act as an incentive to each member to serve the maximum length career consistent with and permissable with service requirements. The member should not be penalized if the requirements of the services result in a mandatory retirement.

7. The retirement system must include an optional way for a retired service member to provide for survivors.

8. The retirement system must provide for equitable treatment for all service members who are entitled to the retirement benefit. This treatment must be consistent with their conditions of service.

Appendix B

SUMMARY OF SIGNIFICANT STATUTES RELATING TO NONDISABILITY RETIREMENT AND RETIRED PAY

Date and Citation	Action
Feb 28, 1855 (10 Stat. 616)	Authorized involuntary removal of Navy officers from active list for disability and other reasons.
Aug 3, 1861 (12 Stat. 287)	Authorized voluntary retirement of officers of all services after 40 years of service.
Dec 21, 1861 (12 Stat. 329)	Permitted involuntary retirement of Navy officers after 45 years of service or at age 62.
Jul 17, 1862 (12 Stat. 594)	Permitted involuntary retirement of Army and Marine Corps officers after 45 years of service or at age 62.
Jul 15, 1870 (16 Stat. 317)	Authorized voluntary retirement of Army and Marine Corps officers after 30 years of service.
Jun 30, 1882 (22 Stat. 118)	Made retirement mandatory at age 64 for officers of all services.
Feb 14, 1885 (23 Stat. 305)	Authorized voluntary retirement of Army and Marine Corps enlisted personnel after 30 years of service.
Mar 3, 1899 (30 Stat. 1007)	Authorized voluntary retirement of Navy enlisted personnel after 30 years of service.
May 13, 1908 (35 Stat. 501)	Authorized voluntary retirement of Navy officers after 30 years of service.
Aug 29, 1916 (39 Stat. 587)	Created Fleet Naval Reserve; authorized voluntary transfer of Navy and Marine Corps enlisted personnel to Fleet Reserve after 16 years of active service.
Aug 29, 1916 (39 Stat. 579)	Established "up-or-out" promotion system based on age-in-grade and integrated involuntary retirement system; first to use "standard" retired pay formula of 2.5 percent times years of service, up to maximum of 75 percent.
Jun 4, 1920 (41 Stat. 773)	Provided for classification of Army officers and authorized involuntary retirement of those designated "Class B."
Jun 30, 1922 (42 Stat. 722)	Authorized involuntary retirement of Army officers chosen for elimination from active list by board of officers.
Feb 28, 1925 (43 Stat. 1080)	Raised from 16 to 20 years minimum length of active service required by Navy and Marine Corps enlisted personnel for eligibility for transfer to Fleet Reserve.
Jun 22, 1926 (44 Stat. 761)	Changed integrated Navy officer promotion/involuntary retirement system from age-in-grade to service-in-grade program.
May 29, 1934 (48 Stat. 811)	Made Marine Corps officers subject to Navy rather than Army retirement laws; brought them under Navy's promotion/involuntary retirement system.

Jul 31, 1935 (49 Stat. 507)	Authorized voluntary retirement of Army officers after 15 years of active service.
Oct 6, 1945 (59 Stat. 539)	Authorized voluntary retirement of Army enlisted personnel after 20 years of active service.
Feb 21, 1946 (60 Stat. 26)	Authorized voluntary retirement of Navy and Marine Corps officers after 20 years of active service including 10 years of commissioned service; lowered from 64 to 62 mandatory retirement age for such officers; temporarily authorized their involuntary retirement if chosen for elimination from active list by board of officers.
Jul 26, 1947 (61 Stat. 495)	Created Department of the Air Force; made Army retirement laws applicable to Air Force personnel.
Aug 7, 1947 (61 Stat. 795)	Established integrated promotion/involuntary retirement system for officers of all services.
Jun 29, 1948 (62 Stat. 1081)	Established retirement system for career personnel of Reserve and National Guard; authorized voluntary retirement of Army and Air Force officers after 20 years of active service including 10 years of commissioned service; repealed 15-year voluntary retirement authority.
May 29, 1954 (68 Stat. 157)	Established specific retirement system for warrant officers of all services.
May 20, 1958	Suspended "recomputation" method that by-and-large had been used to make post-retirement adjustments to retired pay since origin of military retirement system.
Oct 2, 1963 (77 Stat. 122)	Replaced recomputation method of retired pay adjustments with an adjustment procedure based on increases in cost of living.
* Sept 8, 1980 (94 Stat. 1100)	Replaced use of terminal basic pay with monthly retired or retainer pay base (average of highest three years of basic pay) for determining retired or retainer pay entitlements for all entering after 30 September 1980. (PL 96-342)
Aug 13, 1981	Adjust cost of living adjustments from semi-annual to annual basis. (PL 97-35)
Dec 21, 1981 Dec 29, 1981	Calculate years of service for retirement and then eliminate periods of less than 6 months and round down to full months completed for periods of 6 months and above. (PL 97-114 and PL 97-377)
Sept 8, 1982	Uniformed Services Former Spouses Protection Act - permits division of military retired pay as if it were community property in divorce settlements. (PL 97-252)
* Sept 8, 1982	Limit cost of living adjustments to 50 percent of CPI change for all retirees under 62 for 3 years (PL 97-253). Repealed by PL 98-369, July 18, 1984.

. Cost of living adjustments changed from 12 months to 13 months for 3 years.

. Offset (dollar for dollar) military retired pay increases against Federal civilian pay for next 3 years. Repealed by PL 98-369, July 18, 1984.

Sept 24, 1983 . Round down cents to whole dollar amount. (PL 98-94)

. Compute retirement multiplier on basis of full months completed (currently, periods less than 6 months are ignored) PL 98-94

. Eliminate "one-year lookback" for those retiring on or after 1 October 86 (provides 3-year grandfathering for those retiring between 1 Oct 83 and 30 Sep 86 plus provides save-pay provision for those retirement eligible on 1 Oct 86 whereby member would not get less than if retired earlier) (PL 98-94)

. Implement accrual accounting effective 1 Oct 84 (PL 98-94)

* April 18, 1984 COLA adjustments due for 1984 under PL 97-253 repealed. Provided future COLAs be effective 1 December, payable in January; calculated as difference in CPI between 3rd Quarter average of year to take effect and 3rd Quarter average of previous year. (PL 98-270)

* These changes have reduced future retired pay from 15 to 20%; 12% of which is due to PL 96-342 (Hi-3 averaging).

ADJUSTMENTS OF RETIRED/RETAINER PAY FOR UNIFORMED SERVICES--10 U.S.C. S 1401a

Background: (1) Before June 1, 1958, each time military basic pay was increased, retired pay of persons on the retired rolls was, subject to the exceptions set out above, recomputed on the basis of those newly established pay rates. That practice was discontinued on June 1, 1958, and the pay of retired personnel was increased by 6 percent, which approximated the increase in the cost of living since 1955 when retired pay had last been increased. In 1963 a permanent system of increasing retired pay based on a formula geared to increases in the cost of living was adopted. That same essential system remains in effect at present. (2) Under the present formula, retired or retainer pay for members or former members of the armed forces is adjusted at the same time, and by the same percentage amount, as Civil Service annuities payable under Subchapter III of Chapter 83 of Title 5, United States Code. (3) Persons retired after an increase in basic pay rates will, at the first ensuing retired pay increase, receive an increase in their retired pay equal to the percent increase in the CPI between the month preceding the increase in basic pay and the month which was the basis for the retired pay increase. (4) A special provision provides that a member's retired or retainer pay may not be less than it would have been had the member become entitled to such pay on the day before the effective date of the pay rates on which such pay is based. In addition, Public Law 94-106, effective October 7, 1975, provides that the monthly retired or retainer pay of a military member who initially became entitled to that pay on or after January 1, 1971, may not be less than it would have been had he become entitled to such pay at an earlier date in his own career. The specific base pay used for computing retired pay and the establishment of the initial partial CPI adjustment will depend on the individual's length of service, his date of promotion and similar factors.

RETIRED PAY INCREASES SINCE 1 JUNE 1958

Date of Increase	Percentage Increase	Cumulative Increase
June 1, 1958	6.0	6.0
October 1, 1963	5.0	11.3
September 1, 1965	4.4	16.2
December 1, 1966	3.7	20.5
April 1, 1968	3.9	25.2
February 1, 1969	4.0	30.2
November 1, 1969	5.3	37.1
August 1, 1970	5.6	44.8
June 1, 1971	4.5	51.3
July 1, 1972	4.8	58.6
July 1, 1973	6.1	68.2
January 1, 1974	5.5	77.5
July 1, 1974	6.3	88.7
January 1, 1975	7.3	102.4
August 1, 1975	5.1	112.8
March 1, 1976	5.4	124.3
March 1, 1977	4.8	135.0
September 1, 1977	4.3	145.1
March 1, 1978	2.4	151.0
September 1, 1978	4.9	163.3
March 1, 1979	3.9	173.6

September 1, 1979	6.9	192.4
March 1, 1980	6.0	210.0
September 1, 1980	7.7	233.0
March 1, 1981	4.4	248.6
March 1, 1982	8.7	278.9
April 1, 1983	3.3 *	291.4 *
	3.9	293.9
December 1, 1984	3.5	305.1 *
		307.7

* Effect of under-62 COLA

RETIRED MILITARY PERSONNEL RECEIVING RETIRED PAY BY YEAR, 1930 - PRESENT

		Officers					Enlisted (including Fleet Reserve)				
Year	Total	Total Officers	Army	Navy	Marine Corps	Air Force 1/	Total Enlisted	Army	Navy	Marine Corps	Air Force 1/
1930	32,838	10,862	2,811	1,723	245		21,976	9,066	11,705	1,205	
31	34,438	11,418	2,953	1,844	257		23,020	9,211	12,557	1,252	
32	35,686	11,707	3,088	1,932	272		23,979	9,450	13,238	1,291	
33	36,667	11,721	3,220	2,151	343		24,946	9,599	14,014	1,333	
34	34,546	7,693	3,397	2,375	355		26,853	9,946	15,480	1,427	
1935	37,437	8,512	3,862	2,554	419		28,925	10,308	17,090	1,527	
36	40,149	9,055	4,021	2,732	419		31,094	10,517	18,937	1,640	
37	42,307	9,501	4,185	2,935	540		32,806	10,646	20,437	1,723	
38	44,517	9,867	4,309	3,153	574		34,650	10,771	22,075	1,804	
39	47,195	10,219	4,475	3,304	627		36,976	11,025	24,061	1,890	
1940	48,374	10,697	4,661	3,586	666		37,677	11,099	24,884	1,694	
41	50,433	11,820	4,755	3,783	665		38,613	11,302	25,811	1,500	
42	51,230	12,634	5,333	3,978	657		38,596	11,855	25,313	1,428	
43	50,532	13,001	5,453	4,110	676		37,531	12,456	23,763	1,312	
44	53,403	14,943	5,912	4,324	732		38,460	14,146	23,022	1,292	
1945	64,456	23,777	6,604	4,871	776		40,679	15,498	23,782	1,399	
46	85,532	38,075	7,812	5,761	1,031		47,457	18,170	27,538	1,749	
47	103,314	49,645	9,525	9,989	1,153		53,669	22,400	29,214	2,055	
48	119,311	57,433	10,467	12,972	1,828		61,878	26,067	33,389	2,422	
49	124,864	61,026	12,930	13,514	1,951		63,838	26,476	34,798	2,564	
1950	132,828	66,745	15,563	16,228	2,046		66,083	26,865	36,489	2,729	
51	135,498	70,841	41,413	17,169	2,135	8,198	64,657	23,572	32,815	2,878	5,392
52	143,107	73,294	42,597	18,173	2,238	8,576	69,813	25,680	34,308	3,891	5,934
53	155,892	76,891	43,949	19,931	2,428	9,006	79,001	28,003	39,297	4,250	7,451
54	169,574	81,382	45,602	21,477	2,668	9,803	88,192	29,684	44,854	5,069	8,585
1955	180,827	87,323	48,855	23,321	2,937	10,416	93,504	30,159	49,329	5,126	8,890
56	192,137	92,764	51,489	25,103	3,255	11,242	99,373	31,042	53,098	5,504	9,729
57	200,381	100,212	54,468	28,115	3,648	12,346	100,169	32,563	50,441	5,843	11,322
58	215,066	107,843	57,339	31,131	4,138	13,726	107,223	34,627	53,318	6,137	13,141
59	229,874	114,526	59,997	33,487	4,504	15,053	115,348	36,551	56,227	6,694	15,876

Appendix E - 1

Year	Total	Officers Total Officers	Officers Army	Officers Navy	Officers Marine Corps	Officers Air Force1/	Enlisted (including Fleet Reserve) Total Enlisted	Enlisted (including Fleet Reserve) Army	Enlisted (including Fleet Reserve) Navy	Enlisted (including Fleet Reserve) Marine Corps	Enlisted (including Fleet Reserve) Air Force 1/
1960	255,089	122,373	63,353	35,961	4,913	16,752	132,716	38,963	65,569	7,976	20,208
61	291,268	136,405	70,688	38,330	5,400	20,693	154,683	44,473	74,389	9,173	26,648
62	326,687	147,997	76,142	40,299	5,965	24,385	178,690	50,593	83,945	10,501	33,651
63	379,639	163,424	83,664	42,622	6,547	29,461	216,215	64,549	93,856	11,594	46,216
64	431,608	178,818	89,287	45,502	7,176	35,794	252,790	77,329	103,587	13,202	58,672
1965	480,563	193,561	94,224	48,154	7,812	42,377	287,002	88,877	112,429	14,612	71,084
66	524,699	205,496	99,096	50,106	8,126	48,168	319,203	101,978	117,112	15,343	84,770
67	584,388	219,166	104,271	52,345	8,672	53,878	365,222	116,254	130,272	17,880	100,816
68	644,855	232,892	109,080	54,906	9,205	59,701	411,963	128,807	143,237	21,065	118,854
69	706,754	245,801	114,039	57,043	9,855	64,864	460,953	149,522	151,397	25,152	134,882
1970	764,898	263,422	119,291	60,352	10,644	73,135	501,476	162,697	158,697	28,548	151,534
71	822,635	280,817	125,291	63,664	11,625	80,237	541,818	172,362	167,032	31,330	171,094
72	880,664	294,214	130,613	65,864	12,244	85,493	586,450	182,237	175,106	33,789	195,318
73	935,272	306,426	134,527	68,104	12,852	90,943	628,846	193,147	180,672	35,809	219,218
74	989,834	318,587	138,796	70,514	13,560	95,717	671,247	203,589	188,994	38,349	240,315
1975	1,043,923	330,024	142,636	72,972	14,116	100,300	713,899	211,395	199,409	39,694	263,401
76	1,096,184	344,940	149,337	75,729	14,808	105,066	751,244	220,428	210,070	41,643	279,103
77	1,155,353	362,708	157,012	78,638	15,985	111,073	792,645	233,427	219,200	42,863	297,155
78	1,192,055	375,839	161,393	81,449	16,989	116,008	816,216	239,039	226,264	43,837	307,076
79	1,228,494	398,808	166,590	83,947	17,874	121,397	838,686	246,193	230,831	44,544	317,118
1980	1,264,525	403,562	171,572	86,395	18,785	126,810	860,963	253,326	236,152	45,474	326,011
81	1,288,962	413,862	174,540	88,835	19,578	130,909	875,100	256,895	240,567	45,391	332,247
82	1,313,433	423,748	176,921	91,181	20,310	135,336	889,685	262,517	243,275	45,576	338,317
83	1,333,360	431,762	178,177	93,092	20,962	139,531	901,598	266,866	245,832	45,548	343,352

1/ AF included in Army until 1951.

RETIRED PAY AS A FUNCTION OF RETIREMENT DATE

The amount of retired pay, which by Supreme Court finding, is reduced compensation for reduced military service, varies significantly for retirees of the same grade and length of service, dependent only on date of retirement. The differences reflect Administration and Congressional changes by COLA procedures, pay caps and Presidential reallocation of pay increases into allowances. The resultant inequity is clearly shown in examples that follow:

Retirement date	1955	1972	1983
Brigadier General (30 YOS)	$3,116	$4,268	$3,553
LTC (24 YOS)	1,644	2,433	2,037
CWO3 (23 YOS)	990	1,475	1,235
SFC (22 YOS)	692	1,056	905

All ranks show the same trend--lowest current retired pay is received by the 1955 retirees, increasing each year as active pay increases exceeded COLA adjustments until the 1972-73 period. At that point inflation (high COLA adjustments and active duty pay caps combined to provide a steady decrease in retired pay for new retirees).

ANNUAL DOD OBLIGATIONS OR EXPENDITURES FOR MILITARY RETIRED OR RETAINER PAY
(thousands)
1900-Present

Year	Total	Army	Navy	Marine Corps	Air Force
1900	$ 3,514	$2,217	$ 1,217	$ 80	
1905	4,955	3,172	1,673	110	
1910	7,892	5,179	2,442	271	
1915	9,639	5,846	3,459	334	
1920	10,584	5,500	4,598	486	
1925	24,877	14,634	9,159	1,084	
1930	34,345	19,242	13,583	1,520	
1935	41,109	20,862	18,157	2,090	
1940	65,969	25,568	35,269	3,132	
1945	57,443	37,000	17,453	2,990	
1950	229,966	106,649	111,968	11,349	
1952	330,597	167,346	117,695	12,995	$ 32,561
1953	356,386	177,929	127,047	14,400	37,010
1954	386,298	188,000	141,207	15,539	41,552
1955	422,102	203,425	155,277	17,620	45,780
1956	478,932	227,250	179,064	20,022	52,596
1957	510,784	238,294	192,397	21,828	58,265
1958	560,962	256,870	212,074	24,552	67,466
1959	634,542	284,072	240,766	28,284	81,420
1960	692,922	299,916	264,013	31,818	97,175
1961	787,806	333,731	295,300	36,500	122,275
1962	895,854	375,782	322,458	41,141	156,473
1963	1,014,775	425,100	350,508	46,188	192,979
1964	1,211,215	500,976	398,444	53,945	257,850
1965	1,385,577	560,991	437,600	62,147	324,839
1966	1,592,352	636,148	483,792	69,212	403,200
1967	1,831,160	722,592	537,251	78,535	492,782
1968	2,093,477	800,026	602,932	91,541	590,978
1969	2,442,942	933,286	679,092	113,324	717,240
1970	2,853,234	1,074,963	769,146	136,948	872,177
1971	3,388,999	1,245,539	891,800	165,726	1,085,934
1972	3,889,115	1,409,277	995,823	192,700	1,291,315
1973	4,392,196	1,574,522	1,092,348	218,230	1,507,096
1974	5,136,897	1,818,052	1,254,221	258,824	1,805,800
1975	6,238,511	2,168,130	1,516,963	313,049	2,240,369
1976	7,300,051	2,501,331	1,777,600	367,210	2,653,910
1977	8,218,698	2,788,229	1,999,560	416,674	3,014,235
1978	9,173,164	3,086,445	2,238,600	468,116	3,380,003
1979	10,282,047	3,450,391	2,504,924	527,412	3,799,320
1980	11,919,617	3,990,756	2,894,100	612,924	4,421,837
1981	13,724,427	4,583,750	3,335,100	707,681	5,097,896
1982	14,940,475	4,974,984	3,627,900	771,442	5,566,149
1983	15,931,350	5,294,435	3,870,100	820,563	5,946,752

Notes:
1. Navy and Marine Corps figures for 1920-1935 have been estimated.
2. Air Force figures prior to 1952 are included with Army.
3. Figures subsequent to 1950 are obligations.
4. Survivor payments are included.

DMDC - DoD Office of the Actuary

Appendix C

Statement of Rear Admiral Robert H. Spiro, Jr., United States Naval Reserve (Retired), National Executive Director, Reserve Officers Association of the United States to the Senate Armed Services Subcommittee on Manpower and Personnel concerning FY86 Defense Authorizations -- 19 March 1985.

Mr. Chairman and Members of the Committee:

It is a pleasure to provide ROA's comments to this committee. On behalf of the Reserve Officers Association, I wish to extend our thanks for this opportunity.

In past years, ROA has recommended Congressional action to provide better and more modern equipment for Reserve Forces as an economical way to maintain adequate armed forces in a dangerous world. That philosophy is just as valid today, and the wisdom of action along these lines is now obviously apparent.

It is well known that Reserve Forces are the most economical source of units when they are properly equipped and trained. At a time when the Defense Budget is under heavy attack, it would appear to be appropriate to increase reliance on Reserves, and that means providing them with suitable equipment.

Dr. Lawrence J. Korb, Assistant Secretary of Defense (Manpower, Installations and Logistics), is responsible for policy review and oversight of the total force. In his recent statement before the SASC Manpower and Personnel Subcommittee, he pointed out that the Reserve Components, in general, cost less than Active Components.

He also stated:

> The reserve component is vital to our defense. The Guard and Reserves provide significant support capability -- for example, 70 percent of the Army's combat service support and 35 percent

> of the Navy's maritime patrol aircraft -- and they participate in the maintenance and operations of all major Air Force weapons' systems except certain strategic weapons such as missiles, bombers, and strategic reconnaissance. Because the reserves are totally integrated into the total force, they are essential to our warfighting capability and they will be used in any future war. They are required to meet our commitments to our allies.

As you know, the FY84 Defense Authorization Act created a new Assistant Secretary of Defense (Reserve Affairs). Once again, ROA applauds Congressional insight in its creation of this position. In many respects, the new position has already paid dividends for the Reserve Components. For example, when ROA testified in support of the elevation of the Deputy Assistant Secretary of Defense (Reserve Affairs), to a full ASD-position, we advised Congress that the DASD(RA) did not meet with the Secretary of Defense. Nor did he have a seat on the various policy boards that determined policies and resources affecting the Reserve. We are pleased to say that the first person to serve in this position, The Honorable James H. Webb, Jr., is meeting regularly with the Secretary. And he represents the Reserve viewpoint on numerous boards and committees.

Secretary Webb is also testifying to Congress on behalf of the Reserve Components he manages. Before the SASC Manpower and Personnel Subcommittee, he recently stated:

> Effective fighting forces are a product of equipment, training, cohesion, leadership, and individaul dedication. Under this administration, and with the firm commitment and support of the Congress, we have made vast strides in equipping and modernizing the Guard and Reserve. Much has been done in this regard but, because of past neglect and the increasing reliance on the Reserve Components, much remains to be done in the area of equipage.

The FY83 Readiness Assessment of the Reserve Components, issued by the Reserve Forces Policy Board last year advised that "Equipment continues to be the most serious and limiting factor affecting force readiness of the Reserve Components." The RFPB also reported:

> Comparing the Five Year Defense Plan (FYDP) for the period FY 1984-1988 and FY 1985-89, the Board notes the percentage of Reserve increased from 3.4% to 4%. This is an important improvement. The Board remains seriously concerned however, that the 15 year period still reflects a decrease in the Reserve Components' share of the Defense budget from 5.6% in FY 1975 to 4.0% in FY 1989.

With these general remarks in mind, it also should be recognized, as Secretary Webb told the Manpower Subcommittee, " The Guard and Reserve have significant strengths in the areas of cohesion, leadership, and dedication." Reserve Components provide strong leadership in every aspect of life in all 50 states, the Commonwealth of Puerto Rico and U.S. possessions.

He added:

> Guard and Reserve leadership is provided by those same people who are leaders in the community, industry, and government. Thus, Guardsmen and Reservists in military leadership positions have ample opportunity to acquire and practice skills that are common to leadership in any circumstance, military or civilian. And finally reservists, particularly career reservists, are deeply dedicated to their country and the military which they serve. The rewards of Guard and Reserve duty, if measured in terms of dollars, are minimal. On the other hand, the demands of that duty are considerable.

I wish now, with your consent, to examine the Reserve Components by Services.

ARMY RESERVE

The Congress has been requested to provide $3.2447 billion in obligational authority to fund the Army Reserve's programs in FY86. The following chart compares the Army Reserve budget request for FY86 with obligations for the last two (2) years.

($ in Millions)

	FY84 ACTUAL	FY85 ESTIMATE	FY86 BUDGET REQUEST
Reserve Personnel Army (RPA)			
Excluding Retired Pay Accrual	1,322.0	1,559.3	1,792.5
Retired Pay Accrual	-0-	531.7	601.9
Total RPA	1,322.0	2,091.0	2,394.4
Operations and Maintenance	691.6	732.7	779.6
Military Construction	55.0	69.0	70.7
Total Program	2,068.6	2,892.7	3,244.7

The FY86 budget statistics substantiate the economic wisdom of the decision by the Congress to strengthen the role of the Reserve Components in our national defense. Thanks to the efforts of the Congress, the Army has frozen the strength of the Active Component, and systematically, is transferring to the Army Reserve viable roles, missions and management functions. The requested increase in FY86 to 300.4 thousand members in the Selected Reserve, from 285.7 thousand in FY85 indicates the ever increasing role being played by the Army Reserve. ROA applauds the Army for taking these cost effective measures, and has confidence in the ability of the Army Reserve citizen soldier to become an equal partner in the total Army.

ARMY RESERVE PERSONNEL STRENGTH

	FY83 ACTUAL	FY84 ACTUAL	FY85 ESTIMATE	FY86 BUDGET REQUEST
Paid Drill Strength	251.1	255.3	263.1	272.4
Active Guard/Reserve	7.0	8.8	10.7	14.7
Individual Mobilization Augmentees (IMA)	8.1	10.9	11.9	13.3
Total Selected Reserve	266.2	275.0	285.7	300.4
Individual Ready Reserve (IRR)	246.4	276.6	271.3	272.7
Total Army Reserve	512.6	551.6	557.0	573.1

The substantial sustained growth in USAR strength is a tribute to the effective support of the Congress. ROA continues to advocate for the Selected Reserve incentive program. Experience has shown that the payment of cash bonuses to individuals in selected military skills, and in high priority units, is one of the most cost effective retention tools in a volunteer military force. Retention of quality experienced soldiers increases a unit's combat readiness. We urge the Congress to protect its investment in the Army Reserve by extending the bonus incentive programs.

Full-Time Support

ROA supports the budget request to fund an end strength of 14,700 full-time USAR active duty personnel, an increase of 4,000 over FY85. The Congress recognizes the importance of Full Time Manning for enhancing USAR unit readiness. This is expressed in the Department of Defense Appropriation Act of 1985, Conference Report 98-1080.

> It is the sense of the Congress that the number of members of the Army Reserve and of the Army National Guard assigned to Full Time Manning only should be increased to 14 percent of the total membership of the Army Reserve and of the Army National Guard respectively, by FY89.

The budget request provides for a modest increase, which if approved will increase full time support to 6.7 percent, less than 50 percent of the goal.

Individual Ready Reserve

With a current pool of over 270 thousand volunteer members, which is anticipated to increase to over 370 thousand in FY90, the IRR represents a valuable asset, which upon mobilization will be used to bring active and reserve component units up to wartime strength. The Congress has recognized the importance of the IRR by extending military service obligations and providing an IRR bonus program. The bonus program has resulted in the highest historical rate of reenlistment of IRR soldiers, nearly 5,000 reenlistments in FY84, or 13 percent of the eligible population. The program is dynamic, with bonus eligible military skills changed in accordance with mobilization needs. To ensure continued strength maintenance in the IRR, ROA recommends Congressional authorization and funding for the IRR bonus program.

Army Reserve Personnel Center

In just one year of existence, the success of the Army

Reserve Personnel Center (ARPERCEN), activated on February 3, 1984, as a field operating agency of the Office of the Chief, Army Reserve, has proven why the Congress on page 196 of a report accompanying the Omnibus Defense Authorization Act of 1984 stated,

> The Committee believes that Reserve Readiness would be enhanced if the Army, Navy, and Marine Corps delegated more authority to their respective Reserve managers.

Under the command and management of the CAR, Army Reserve Managers at ARPERCEN familiar with the unique personnel problems encountered by citizen-soldiers, have organized viable programs for managing and training the almost 300,000 members of the IRR, the Active Guard/Reserve, and Individual Mobilization Augmentees. Programs developed by ARPERCEN which are now operational include:

(1) Expediting of IRR soldiers recruited into Troop Program Units (TPU's)...Thirty-three thousand assignment orders were issued in FY84.

(2) Management of Lieutenants...In FY85 ARPERCEN will assign some 2,000 new lieutenants to TPU's, with a long term benefit of a stronger TPU officer corps, and better professional development of young officers.

ROA congratulates the Army for having taken this important first step in the process of transferring proponency for Army Reserve personnel management to the CAR. We believe the time has come to complete the process, and further enhance the management of Army Reserve personnel by transferring proponency for the remaining functions currently performed by the Reserve

Components Personnel Administration Center to the CAR. It is a cost-effective measure, makes good sense from a management stand-point, and further implements the stated desire of the Congress to enhance the authority of the Reserve Chiefs. As one committee of Congress has said with respect to the creation of the Army Reserve Personnel Center as a field operating agency of the Chief, Army Reserve:

> The executive role of the Chief of the Army Reserve will be enhanced by his new responsibility for the management of the individual personnel assets of the USAR. The new executive authority is a welcome, but long overdue, addition to the advisory responsibilities of the Chief.

Senate Armed Services Committee, Report No. 98-174, 5 July 83, p. 195.

Command and Control

FY86 Army Reserve manning of 574,000 (37 percent of total Army strength) and a budget with obligational authority of 3.2 billion (63% higher than FY84), attest to the increased reliance on the Army Reserve in military planning. Commensurate with the foregoing responsibilities and the growing importance of the Army Reserve to National Security, ROA strongly recommends that the Chief, Army Reserve be elevated to the rank of Lieutenant General. This enhancement, would clearly be in consonance with the Congressional intent of Public Law 90-168 that Reserve Chiefs be functional managers of their respective components.

In addition, ROA recommends that an additional Deputy Chief Army Reserve be authorized at the two star level, and that the Commander of ARPERCEN be elevated to one star rank.

We further recommend that full time Reserve General Officer positions be charged against the AG/R strength authorization.

NAVAL RESERVE

As ROA has often stated during the last few years, the support and direction provided by Secretary Lehman and the CNO, Admiral Watkins, have led the way in upgrading the Naval Reserve as a fighting force. The Navy's policy of horizontal integration of equipment into the Naval Reserve has proved to be highly successful. The introduction of front line ships--Knox and Perry class frigates, and soon modern Mine Warfare ships; front line aircraft--F/A-18s, A-7Es, F-14As, and E-2Cs,--is strong evidence of the Navy's intention to make "One Navy" a viable reality. ROA, in the strongest possible terms, urges continued Congressional support of these Navy initiatives.

As Navy Secretary Lehman stated during FY86 posture hearings, "...The Reserve must provide immediate augmentation to the active force in time of emergency across the entire spectrum of warfare. To implement that common sense policy requires providing the Reserve with equipment compatible with the active forces. For instance, instead of providing the Reserve only such equipment as it becomes obsolete and removed from the active force, there should be a parallel spectrum of new and old equipment reflected in the Reserve in the same proportion as in the active force..."

Last year ROA noted that the 1984 Naval Reserve Total Force Report to the Congress demonstrated a singular innovativeness and cooperation with Congressional intent. Indications are that the 1985 Total Force Report will be another positive document refining many of the initiatives contained in the 1984 Report and proposing additional areas for Naval Reserve participation, such as (1) formation of two Reserve supersonic "Aggressor" squadrons; (2) replacing two light attack squadrons with medium attack (A-6E) aircraft; (3) acceleration of Naval Reserve transition to P-3C aircraft, etc. The FY86 Navy budget submission does nothing to erode that confidence.

The Navy is to be highly commended for these initiatives. Several years ago, the Navy's support for, and appreciation of, the Naval Reserve was, for all practical purposes, non-existent. However, tremendous strides have been made and as ROA has stated repeatedly during the past two years, "The Navy now may well be in the forefront of all the services in support for their Reserve component."

I would now like to provide some comments about certain specific items in the FY86 program.

The Administration proposal to attain 118,209 Selected Reservists (Category A) by the end of FY86 is strongly supported by ROA. This number represents an increase of 8,209

(7.5 percent) over FY85 and will put the Naval Reserve paid strength at 95.1 percent of wartime requirements. The current Navy plan calls for a Category "A" Selected Reserve strength of 132,574 by the end of FY90, an increase of over 33,000 from the plan submitted three years ago. A truly remarkable and amazing turnaround!

Accordingly, ROA strongly urges approval of the Reserve Personnel funding request of $1.354 billion which will support an FY86 Naval Selected Reserve (Category A) strength of 118,209.

Even with increased personnel strength in the Naval Reserve, the manning of high priority units, particularly the NRF ships, remains a problem. A significant contributing factor to the manning problem is the rigorous training and long hours spent by the Reserve crew when the NRF ship goes to sea for the weekend. Such duty is not a "report at 0800, secure at 1700" type of drill found at many Reserve activities. The ship goes to sea for the weekend--crew members don't go home on Saturday night. In addition to the eight hours of rigorous training which takes place during the working day, watches must be stood around the clock when the ship is at sea. For all of this extra work, the NRF Reserve crew member receives no incentive, except the "joy of going to sea."

Accordingly, the Navy has submitted proposed legislation to amend 37 USC, "...to authorize payment of an incentive pay to enlisted personnel of the Selected Reserve who participate in certain units as designated by the Secretary of a Military department..." This proposed legislation would provide incentive pay of up to $10 per drill to those enlisted Reservists in units so designated--which would amount to $40-$50 per drill weekend. Such an additional amount seems somewhat less than dramatic in today's economy; however, a study conducted by the National Defense University indicated that a $10 per drill incentive would improve drill attendance and increase NRF ship readiness. With the increasing number of modern, front line ships entering the Naval Reserve creating even greater reliance on the NRF, full manning of these ships is a most critical need.

I understand that this proposal has been cleared by OSD as part of the DOD Legislative Program, and has been included in the FY186 DOD Legislative Contingency Fund at a level of $.8 million. The written proposal is waiting clearance at OMB.

ROA strongly urges passage of this legislative proposal and also recommends that the FY86 funding level of $.8 million be approved.

The FY86 RPN budget submission of $1.354 billion also includes an increase of full time support active duty (TAR) personnel from the FY85 level of 15,210 to 17,973. This increase of 2,763 represents necessary support for the rapidly growing Selected Reserve force (+828); the frigate program (+1,490); and aircraft squadron transitions (+445). ROA recommends that this requested increase in full time support personnel also be approved.

Along with this increase in full time support personnel, ROA also recommends approval of the requested TAR Selective Reenlistment Bonus. This bonus will be targeted at expanded ratings for NRF ships. While it will provide greater equity with USN shipmates serving on the same NRF ships, the amounts paid will still be less than that given USN personnel, since the NRF ships do not deploy.

One final personnel item involves HR 1442, introduced by Congressman Montgomery on 8 March 1985. ROA strongly supports this bill and requests introduction of a similar Senate bill which would authorize an increase in the maximum number of Deputy Chiefs of Naval Operations (DCNO) from six to seven in order to provide for a DCNO (Naval Reserve).

The Naval Reserve is an integral part of the Navy's total force in virtually every mission area. This role is expanding at an ever-increasing rate. Naval Reserve forces are being modernized to provide increased capability and ensure compatibility with active forces. The establishment of a Deputy Chief of Naval Operations (Naval Reserve) will improve the Navy's capability to ensure that the expansion of the Naval Reserve is accomplished in an effective and expeditious manner.

Implied in the establishment of a DCNO (Naval Reserve) is that, at some point, the incumbent would be a Vice Admiral. ROA strongly supports the concept of a Vice Admiral as the DCNO (Naval Reserve). We hope that some relief can be obtained from the current Vice Admiral ceiling so that both aspects of this very major change in Naval Reserve leadership representation can be effected. As a matter of interest, Secretary Lehman recently stated that next to the goal of a 600 ship Navy, a Vice Admiral DCNO (Naval Reserve) was his number one priority.

MARINE CORPS RESERVE

The Marine Corps Reserve is a major factor in the Total Marine Force, contributing one-fourth of the structure and one-third of the manpower. As has been the case for the last few years, the Marine Corps Reserve manpower requirements appear to be well provided for in the FY86 budget request.

ROA compliments the Marine Corps on their continuing recognition of the Reserve contribution and on their consistent support of the Reserve component. The Marine Corps Reserve Budget has reflected real growth every year since FY78. This support has enabled the Marine Corps Reserve to meet and usually exceed the OSD Program Guidance. Accordingly, ROA strongly urges approval of the Reserve Personnel funding request of $290 million which will support an FY86 Marine Corps Reserve Selected Reserve end strength of 43,019 (average strength 41,900). While these numbers are somewhat lower than those which were projected previously, this reduction resulted from a conscious decision on the part of the Marine Corps to eliminate marginal performers from their Reserve Component. This five percent reduction was accompanied, however, by a fifteen percent improvement in average job skill qualification and, concomitantly, an increase in readiness.

While this reduction has necessitated a revised manpower attainment plan, the Marine Corps, nevertheless, retains the goal of achieving full Reserve wartime strength by 1990.

ROA also strongly supports the newly established Marine Corps Reserve full time support program. Prior to 1984, such support was provided by regular active duty Marines. However, as is the case with all other Reserve Components, the Marine

Corps recognized the value of utilizing a number of Reserve personnel to assist in organizing, administering, instructing and training the Reserve. The program started with 803 personnel in 1984, and keeping pace with Marine Corps Reserve development, is programmed to grow to over 1700 in 1989. We strongly urge Congressional support of this effort.

COAST GUARD

Finally, as we have done each year before this subcommittee, I would like to briefly mention the concern of ROA about the Coast Guard and Coast Guard Reserve. Except for the Coast Guard Reserve, this issue is not a subject of this hearing: nevertheless, the total Coast Guard is an item of concern to the Armed Services Committees of the Congress.

The Coast Guard's capability to carry out wartime taskings is a matter of well known serious concern. These shortcomings have been set forth time and again in magazine and newspaper articles, in GAO reports, and in Congressional oversight reports. None of these independent evaluations appear to make any significant impact on the Administration.

Although funding for the Coast Guard was increased by more than twenty percent from 1981 to 1982, further increases have not occurred. If adjusted for inflation, the President's proposed 1986 budget for the Coast Guard would be lower than any Coast Guard appropriation since 1981, nine percent lower than the budget approved in 1982, and three percent lower than the budget approved for FY85.

Although the Coast Guard Reserve strength is only 12,500 (fifty percent of the newly validated requirement of 25,000), no increase was requested for FY86. An active force reduction of 620 military and 213 civilian personnel was requested. This reduction was proposed in the face of the FY85 and 86 Authorization Act which, for the first time in history, mandated an active duty end strength floor of 39,150 "intended to halt the decline which has occurred in the military strength of the Coast Guard." The Administration has actually resorted to the apparent subterfuge of asking for a personnel expenditure ceiling which would provide funding to support only 38,220 personnel--presumably to supersede the legal requirements of the Authorization Act.

The FY86 budget request would not fund any significant increase in Coast Guard operations in any geographic or mission area; nor are funds requested for the purchase of any equipment that would expand the scope or overall operational capability of the Coast Guard beyond the levels of years past.

In conjunction with these facts, it should be noted that the 1981 House "Semi-paratus" Report (H.R. 97-355) found that "a serious imbalance now exists between the scope of Coast Guard responsibilities and the resources available to the service. This imbalance is causing a steady deterioration in the ability of the Coast Guard to carry out its missions effectively." The oversight report recommended that the Coast Guard should give its highest priority to at-sea operational missions, including search and rescue, law enforcement, and military readiness. To this end, funds should be authorized and appropriated to permit improved operational effectiveness in at least these three areas, and to provide the required personnel, training, equipment, and maintenance. This Congressional report has obviously been ignored by the Administration!

As noted earlier, the requested Coast Guard Reserve Strength level of 12,500 represents only 50 percent of its wartime requirements. In comparison, the other Armed Services Reserve Components are authorized and funded to strengths averaging about 90 percent of mobilization requirements--and are still increasing!

ROA strongly recommends that, as a minimum, the Coast Guard Selected Reserve strength be increased in annual increments to 75 percent of current stated requirements--18,750. ROA further recommends that the FY86 Coast Guard Selected Reserve strength be increased from 12,500 to an average strength of 13,200--the strength level requested by the Commandant, but ignored by DOT and OMB!

ROA solicits your support in joining with other members of Congress in the maintenance of a Coast Guard which is fully manned, trained and equipped to meet both its peacetime and wartime missions. It is imperative that the Coast Guard and Coast Guard Reserve be fully prepared to meet their statutory military duties as prescribed in 14 U.S.C. 1, which provides for the Coast Guard to be ". . a military service and branch of the Armed Forces of the United States at all times."

ROA has recommended to numerous Administration officials that National Security be a paramount item of consideration when the Coast Guard budget is being evaluated. Further, we have recommended that the Defense Department, the Joint Chiefs of Staff, and the National Security Council be required to comment specifically on the national security implications of any proposed reduction, modification or "contracting-out" of any role, mission, or function of the Coast Guard, including proposed reductions of personnel strength. To the best of our knowledge, none of these recommendations have been taken seriously.

ROA would ask that the members of this subcommittee initiate efforts to ensure that the Commandant of the Coast Guard testifies annually before the full Senate Armed Services Committee concerning the capability of the Coast Guard to fully carry out its national security role.

AIR FORCE RESERVE

The Air Force Reserve (AFR) has achieved new levels of strength and readiness during the past year. In FY84 it attained and end strength of 70,318 versus a programmed 69,880. Despite an increase of more than 3,000 people during the year, quality was maintained with 97 percent of all non-prior service enlistees high school graduates. This is a seven percent increase over FY80. The efficiency of the Reserve recruiting program as well as the dedication and hard work of the unit commanders and supervisors is reflected in this accomplishment.

In FY86 an average Selected Reserve strength of 75,600 is requested, a 2700 increase over FY85. This reflects the military personnel requirements for aircraft modernization and additional units. The AFR's Force Structure units increase in number from 220 in FY85 to 229 in FY86. These include flying units, aerial port squadrons, and civil engineering units. It is gratifying to note that the Air Reserve Forces (AFR plus Air National Guard) provide nearly 25 percent of all Air Force flying and mission support capability with only 7.9 percent of the budgeted military personnel dollars($1,618 million of $20,412 million). It is obvious that the Air Reserve Forces are a real bargain in the total force.

The Air Force Reserve is not only cost effective, it is a combat ready, fighting force. Exercises and real world contingencies during the past year have again proved that all AFR units can be mobilized in 24 hours and deployed within 72 hours. With the exception of two units with major aircraft depot maintenance schedules, all equipped flying units are combat ready.

A full spectrum of meaningful missions are performed by the Air Force Reserve. As Reservists train, they often support requirements that would otherwise have to be met by the active force. In FY84 AFR equipped units flew 96,631 passengers and airdropped more than 37,000 troops as part of their normal training missions. In addition, AFR associate C-141 and C-5 units flew more than 82,000 hours and associate aeromedical evacuation units airlifted more than 80,000 patients. Air Force Reserve rescue and recovery units were officially credited with saving 26 lives. During the same period the AFR weather group flew more than 70 percent of all hurricane missions in the Gulf of Mexico.

Among the key personnel in maintaining mission unit readiness are the Air Reserve Technicians (ARTs). These dual status individuals provide the day-to-day management and continuity of their units while performing in their civilian capacity. As military members of their units, they train other Reservists during active and inactive duty training periods. The high skill level and stability of these employees is critical in sustaining the Air Force Reserve's operational readiness. With respect to mobilization readiness, a small number of ARTs who have, through no fault of their own, been separated from their military assignments, must be continued indefinitely in their civil service positions as "status quo". In an effort to eliminate this problem, changes have been initiated to Title 5 and Title 10 U.S. Code.

Last year the Congress provided temporary relief in the FY 1985 DOD Continuing Resolution Authority (CRA) Appropriations Act. Permanent legislation is being requested this year. We thank you for your action last year, and urge your continued support this year to ensure that the AFR Technician Force is mobilization ready at all times.

The Air Force continues to modernize the AFR with newer aircraft and equipment. This year the first C-141 equipped AFR strategic airlift unit will be established at Andrews Air Force Base, Maryland when the C-130E wing converts to C-141 aircraft. The AFR will provide 100 percent of the aircrews and maintenance personnel for its equipped strategic airlift units. In addition, the AFR will continue so supply 50 percent of the aircrews and 40 percent of the maintenance force for the C-141s and C-5s in the active force fleet through the associate program.

This year the AFR will again emphasize manning Individual Mobilization Augmentee (IMA) positions. The IMA's are assigned to specific wartime positions in active force organizations and are trained and supervised by the active force. They assist with the day-to-day mission while performing training in such diverse fields as medical, legal, research engineering, maintenance and intelligence. In FY86 an IMA strength of 11,899 is requested against a wartime requirement of 19,532. This is consistent with the AFR's ability to fund the program.

Continued emphasis is required in recruiting and retaining qualified personnel in critical skills for both the unit and IMA programs, The Air Force Reserve intends to concentrate the incentive programs authorized by Congress in this area. We thank the Committee for its support of these programs and solicit your continued approval.

In summary, the Air Force Reserve's wartime role continues to expand With continued equipment modernization and successful recruiting and retention of the necessary people, the AFR will continue to be a fully responsive, combat ready force.

GENERAL PERSONNEL ISSUES

POTRAL TO PORTAL COVERAGE

ROA was very pleased to see the action taken in the last two Defense Authorization Bills to provide increased medical coverage for reservists who become ill or are injured while traveling to or from training or while participating in weekend drills. This is an important step forward in providing essential medical coverage for drilling reservists. However, we recommend that the committee thoroughly review the statutes regarding health and disability coverage for reserve personnel. As you know, the benefits and entitlements for reservists will vary by the period of time the member is ordered to active duty. The reservist who is on active duty for a period of less than thirty days, and who becomes disabled or dies while on that short tour of duty, may not have the same benefits as his active duty counterpart. With the increased participation of Reserve units in hostile environments such as Granada, it is important that there be an equalization of medical, disability and survivor benefits between the active and reserve component members.

HEALTH CARE PERSONNEL

The Assistant Secretary of Defense for Reserve Affairs has testified that more than fifty percent of all the personnel required to provide war time medical care will come from the Reserve Components. In spite of the heavy reliance that our nation is making upon the Reserve Components in the vital area of health care, legislation has not been enacted to provide special pay for Reserve Component health care professionals. When Congress enacted PL 96-284, which provided special pay for active duty health care professionals, the Reserve

Components were not included. We believe that a special pay incentive program would have the same beneficial effect on recruiting and retention for the Reserve Components that PL 96-284 has had for the active duty force. If such heavy reliance is going to be placed upon the Reserve Components to provide half of the war time medical care, legislation to address the shortages that currently exist in the Reserve Component health care professional area should be delayed no longer.

GI BILL

ROA was very pleased to see the Congress pass a new GI Bill last year. We view this as a valid means of improving both the quality of recruits and the ability to retain needed personnel in the active and reserve forces. The legislation that was enacted last year has a starting date of 1 July. We support an earlier starting date for the new GI Bill. The 1 July effective date will cause individuals who are seeking to enlist to delay such actions until the program starts. Such a delay will adversely affect the orderly flow of personnel into the training base. We would also like to see the legislation modified to permit participation in the program by Selected Reserve members who have earned a bachelor's degree. In addition, the contribution schedule should be changed to permit a smaller monthly deduction over a longer period of time and inclusion of a provision permitting refund in appropriate cases.

COMMISSARY PRIVILEGES

ROA was pleased to see Congress direct the Department of Defense to conduct a test program in which a limited number of Selected Reservists were allowed, at their convenience, up to fourteen commissary visits a year. The test was conducted last year and was very favorably received by the Reserve community. We understand that the modified entitlement influenced individuals to reenlist in the service and thus served as a positive no cost retention factor. We also understand that the impact of the test on commissaries was minimal in the test areas. We look forward to seeing the program expanded to provide all members of the Selected Reserve the opportunity to exercise their commissary privileges in the same manner that they currently use their post exchange privileges.

In addition, ROA believes that exchange and commissary privileges should not be lost to those who are transferred to the retired reserve after completing twenty or more qualifying years of servive. Reservists in this category are in a limbo status until they reach age 60 and become entitled to pay and other benefits associated with military retirement. It would be a low cost benefit to extend post exchange and commissary privileges to these pre-age 60 reserve retirees and would serve as a valuable retention tool for the Reserve Components.

MILITARY RETIREMENT

Although the FY86 budget submitted by the administration contains only one proposal specifically addressing military retirees, i.e., the elimination of the Cost of Living Adjustment (COLA) scheduled for 1 December 1985, ROA is concerned over the proposals affecting civil service retiree COLA's that could affect the military retiree. The administration's proposal to cap civil service COLA's in future years at the lower of the consumer price index (CPI) or the federal pay increase, and then apply that lower COLA to the first $10,000 of retired pay and 55 percent of the lower COLA to amounts over

$10,000, if enacted into law, will apply to military retirees unless specific delinkage language is included in the legislation. The means testing philosophy that rests behind the application of such a formula to earned staff retirement programs causes us great concern. We hope the Congress will reject this new philosophy and preserve the principle that retired pay should retain the purchasing power present at the time of retirement.

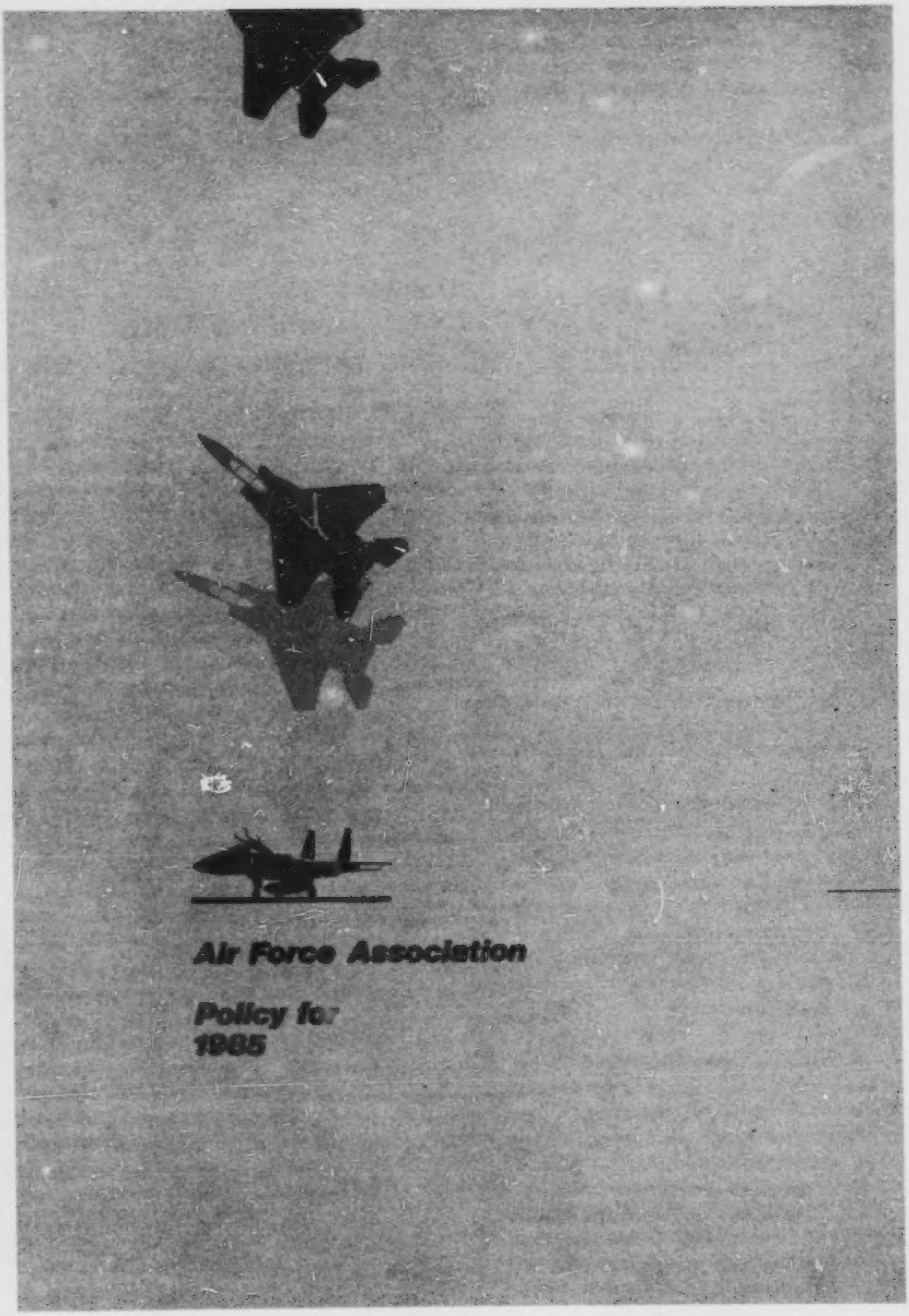
Although the administration's FY86 budget submission contains no major restructuring of the military retirement system, we feel it necessary to state again that a series of piece meal erosions in the value of military retirement have been and are still taking place. And these changes are being made without a thorough analysis of the impact that they can have on our nation's ability to attract and retain the personnel needed to adequately man our defense structure. It is estimated that the changes which have been made to military retirement since 1980 alone will decrease the lifetime retirement pay by approximately 20 percent for those fully affected. Unfortunately, changes of this magnitude have not slowed down the attacks on the military retirement system and are often completely overlooked by those who speak or write against military retired pay.

For the U.S. Armed Forces, the military retirement system is a vital manpower management tool which permits the retention of a young force with the experience and skills necessary to meet our worldwide national security obligations. From the individuals point of view, retirement is part of the economic security package that the service member counts upon during his years of service with its attendent personal and financial hardships. Miltiary retirement is the number one factor in the reenlistment of our career personnel. It should also be noted that military retirement is becoming of increasing importance in the initial enlistment decision. In the all volunteer environment, and with a decreasing youth population, further changes to the current system could well result in our Nation's inability to attract and retain the quality and quantity of personnel needed to meet our defense committments.

The current military retirement system has proven to be effective in being a force management tool and in providing a form of economic security for those who are willing to endure for a minimum of twenty years the hardships, the separations, the loss of many personal civil liberties, and the possiblity of facing armed conflict. We therefore urge this committee to carefully evaluate the long term impact of any proposed changes to the current military retirement system. The cost of misjudgement as to the impact of changes can have severe national security ramifications.

Thank you for the opportunity to appear before this Committee. Your support for the men and women in uniform, Active and Reserve, is noteworthy and sincerely appreciated.

I will be happy to answer any questions that you might have on these issues.



Air Force Association

Policy for
1985

As adopted by delegates to AFA's National Convention on September 17,1984

1985 Statement of Policy: The Price of Freedom 2

Policy Paper on Force Modernization and R & D: Credibility Restored 4

Economies and Efficiencies 4
Total Force 5
Nuclear Forces 5
Air-Breathing Leg 6
Strategic Defense 8
Readiness and Sustainability 9
Force Projection 10
Tactical Airpower 12
Space 15
Research and Development 16

Policy Paper on Defense Manpower Issues: People are the Priority 18

Retirement and Estate Programs 19
Compensation 21
Health Care 22
Travel Allowances 23
Commissaries 24
End Strength 24
Morale, Welfare and Recreation 24
The Family 24
Flying Incentive Pay 24
Enlistment/Reenlistment Bonus Authority 25
Engineers and Scientists 25
Recruiting 25
Air Force Junior ROTC 26
Commissioned Officer Accessions 26
New Educational Assistance Program 26
Training 26
Air Reserve Forces 26
POWs/MIAs 27
Former POWs 27
Overseas Service 27
Civil Air Patrol 28
Veterans 28
Education Reform 28

AFA National Officers and Directors for 1985

The Price of Freedom

The 1984–85 Statement of Policy, adopted by delegates to AFA's National Convention on September 17, 1984

Freedom is what the United States is all about. The price of freedom is eternal vigilance.

Our Founding Fathers' commitment to freedom and just peace gave birth and purpose to America. But freedom and the peace to enjoy it are not an automatic birthright of Americans. These precious commodities have to be earned, sustained, and defended in a world divided by competing ideologies, differing values, and conflicting standards of conduct—all the while imperiled by weapons of apocalyptic destructiveness.

These are the realities; probably they will persist for years to come. We can't shout them away with the slogans of pacifism and accommodation. Even with the best of intentions, we cannot wish them away or ignore their presence. The foundations of peace with freedom must be built on the nation's firm resolve not to lose either and the military means to safeguard both.

Peace must not degrade into a choice between capitulation to aggressive totalitarianism or nuclear holocaust. If we make the forces of freedom strong enough to deter both, we will not be faced with this intolerable choice. There is no other choice, for anything less jeopardizes both peace and our freedom.

The cry is rising at home and abroad that the West should "give peace a chance." This is a case of the right message going to the wrong address. This bitter irony was captured by the President of France when he said the West produces pacifists while the Soviets produce weapon systems. Peace is not being threatened by the United States, for our nation does not seek to conquer or coerce. Neither is peace threatened by NATO, a purely defensive alliance. The threat to peace comes from Soviet imperialism that promises to dispatch to the "garbage heap of history" those who stand in its way, that violates treaties, invades its neighbors, and builds arsenals far in excess of legitimate defense needs.

Arms control and arms reduction negotiations are not at an impasse because the US representatives walked out on their counterparts or failed to offer real cutbacks in nuclear force levels. The US representatives not only stayed, but they remained ready to negotiate. The Soviets did walk out, leaving the US delegation face to face with empty chairs and empty rhetoric.

Since 1946, when the US had a monopoly in nuclear weapons, this nation has worked earnestly toward their control in consonance with the repeated mandates of both of its political parties. The Soviet Union has used arms control as a device for gaining strategic advantages.

The US position on arms control and arms reduction rests on the belief that a full-scale nuclear war would be catastrophic and therefore must be deterred. Further, although the US and the USSR will be rivals for the foreseeable future, they share a common interest in reducing the risk of such a war, in which all of humanity would be the loser. Finally, the US approach to arms control recognizes that the Soviets will not give "something for nothing." The modernization of the US strategic forces, therefore, is not only imperative to enhance national security but also to provide leverage if and when the Soviets return to the bargaining table.

This Association believes that the US position on strategic arms reduction must treat as nonnegotiable four fundamental principles. To be acceptable, an agreement must:

- Produce significant reductions in the arsenals of both sides.
- Result in equal levels of arms on both sides, since an unequal agreement, like an unequal balance of forces, might encourage coercion and aggression.
- Be fully verifiable, because when national security is at stake, agreements cannot be based only upon trust.
- Enhance US and allied security and reduce the risk of war.

Arms control is not an end in itself but rather a complementary element of national security to ensure peace and stability.

The President's Commission on Strategic Forces, known also as the Scowcroft Commission, succeeded in formulating a brilliant concept for a long-term bipartisan approach that fused strategic force requirements and arms control. The crowning achievement of the Scowcroft Commission was a national consensus of broad political reach. But Soviet intransigence, aimed deliberately at eroding this consensus, is threatening to divide America and thereby cause the loss of the momentum toward strategic stability as well as equitable arms control. We must not let this happen. We must not let the Soviet Union manipulate America's political process or subvert key decisions on vital national security issues. We must not let the Soviet Union dictate our position on arms-control objectives or our definition of peace with freedom. In short, we must not let the Kremlin demoralize or dupe us by its political maneuvers that seek to humiliate us and separate us from our allies. The central requirement, this Association believes, is to retain that consensus and keep intact the five-pronged strategic force modernization program that the Scowcroft Commission endorsed. Elimination of any one component could collapse the entire program structure or lead to piecemeal attrition of the other elements.

This US strategic force modernization effort does not move the world toward nuclear war but away from it by enhancing the strategic balance, creating incentives for the Soviets to reduce their inventory of first-strike weapons, and moving toward a mix of offensive and defensive strategic capabilities.

Modern ICBMs—both the MX and the single-warhead

small ICBM type—are imperative to provide a response to the some 800 MX equivalents in the Soviet ICBM arsenal. These Soviet weapons have put at risk the US ICBM force of Minuteman II and Minuteman III missiles. This Soviet move is designed to render obsolete a key component of our strategic forces and thus, by default, permit them to dictate the makeup of the US arsenal. Our failure to counteract this Soviet advantage could have disastrous consequences. At a minimum, it would create an incentive for the Soviets to erode, in similar fashion, either the sea-based or air-breathing leg of the US strategic triad.

The other elements of the mutually reinforcing modernization package—the B-1B and Advanced Technology Bomber, the Trident D-5 sea-launched ballistic missile, improved, survivable command and control systems, and revitalized strategic defenses—must be developed and deployed with the same vigor as the new ICBMs. All are essential to counter present and projected Soviet force levels. Deterrence is a product of capability and credibility. If either is low, so is deterrence.

The quickest, surest way to weaken the US capability to deter is to freeze current strategic force levels or to enter into unilateral moratoriums on the testing of new, essential weapon systems. The nation must not forget the warning by President Kennedy, on March 2, 1962, that "we now know enough about broken negotiations, secret preparations, and the advantages gained from a long test series never to offer again an uninspected moratorium."

This Association is equally concerned about attempts to shortchange fundamental force structure requirements in both the strategic and conventional warfare arenas by alleging that correcting deficiencies in readiness and sustainability must be funded first. We need both essential force levels and essential preparedness and sustainability. One will not work without the other. Sidestepping politically tough decisions on the acquisition of essential weapon systems or needed increases in force levels by portraying readiness and sustainability as the only urgent defense requirements—and thereby creating the mirage of a prodefense posture with the electorate—may buy votes but hurts defense. Underequipped, understrength forces mismatched against superior enemy forces would not gain from ample stores. Under such circumstances, the only beneficiary might be the enemy, after he overruns the defender's position and captures these stores.

These issues—and the fundamental question of preserving peace and deterring war—can be resolved only if the electorate understands them fully. War is an act of politics meant to compel the defender to do the aggressor's will. The defender either submits to the will of the aggressor by capitulation and suffers the consequence or contests the aggressor on the battlefield. The Soviet Union understands the politics of war with alarming clarity. It is Moscow's avowed creed that, when waged by the Communist camp, any war is just and progressive, for it would be the continuation of revolutionary policy, whose ultimate goal is to make the world over in the Soviet image.

Under our system of government, policy ultimately is the responsibility of the American people. The political will of the people determines whether the military forces needed to deter aggression are put in place or not and whether or not freedom—America's own or that of allies—is worth defending and fighting for.

This Association believes that the task of keeping all of our citizens properly informed on matters affecting national security, preservation of peace, and deterrence of war is paramount. We have long been concerned with correcting distorted public impressions, inadvertent or deliberate, concerning the role and responsibility of the nation's military forces. The Vietnam era, and the extensive media reporting associated with it, exacerbated this pervasive problem and has left lasting scars on our democratic society and our services.

We support enthusiastically current efforts by respected individuals, agencies, and responsible media leaders to correct false impressions, avoid slanted reporting, and provide the nation with the comprehensive and balanced information needed to make proper provision for our national security.

It is our firm belief that nothing would strengthen America's deterrence capabilities—and hence the chances for peace—more than the restoration of an enduring, bipartisan consensus on our vital national security requirements and of the will to support them on a sustained basis. The stakes for America, for peace, and for freedom demand this from us now and in the years ahead.

This is our challenge. Peace through strength is not just a slogan; it must become a fact of life. ■

Credibility Restored

A policy paper titled "Force Modernization and R&D," adopted by delegates to AFA's annual National Convention on September 17, 1984

America is restoring the credibility of its defenses. In this, the third year of our restoration efforts, we have come a long way. Today's aircrews fly more hours and train more realistically. Combat capability is going up dramatically. Rising inventories of top-flight weapon systems contribute to a more flexible expression of airpower geared to matching an evolving, growing threat. Closer cooperation between the Air Force and the Army and Navy further strengthens US military power by lessening duplication—thus saving tax dollars—and by developing mutually reinforcing combat-operation doctrines. The recent Air Force and Army Chiefs of Staff Memorandum of Understanding is a revolutionary attempt at interservice cooperation. This momentum must be maintained in step with the growing threats we and our allies face around the world.

The Air Force Association believes the American people must not let rhetoric and fabricated anxieties cloud our vision. There are those who seek to sway public opinion and keep America from doing what needs to be done by playing up the fears of an arms race. The facts tell a different story. The US has today deployed worldwide some 8,000 fewer nuclear weapons than it did fifteen years ago. The combined yield, or megatonnage, of all deployed US nuclear weapons has been reduced about seventy-five percent over the last decade. In short, the arms race has been one-sided. As the Soviets raced forward, we in this country exercised restraint. As a result, the Soviets now possess forty percent more nuclear delivery systems than does the US, and they significantly surpass this country in missile throw-weight, an important measure of nuclear punch.

The second half of the arms-race myth is the alleged incompatibility between a strong defense and a strong economy. Defense spending in FY '85 amounts to a smaller share of the federal budget than it did during the 1950s and 1960s, even though the potential threat is greater than at any time in our history. While any federal spending affects the size of the budget deficits, it is the nondefense sector that has grown by about eighty-five percent over the past decade. Contrary to popular perception, defense spending as a share of the Gross National Product has declined to 6.8 percent from a high of 10.1 percent during the Vietnam War.

The US must have both a strong defense and a strong economy. There has been considerable discussion concerning the US economy's ability to support the planned defense buildup without contributing to the projected large federal deficits, creating inflationary pressure, and causing supply shortages. It has been argued that these factors present a strong case for cutting defense spending. The Air Force Association recognizes the defense budget does have an impact on the economy, just as the economy has an impact on the formulation and execution of the defense budget; however, these arguments do not consider the national security concerns that demand the current levels of defense spending.

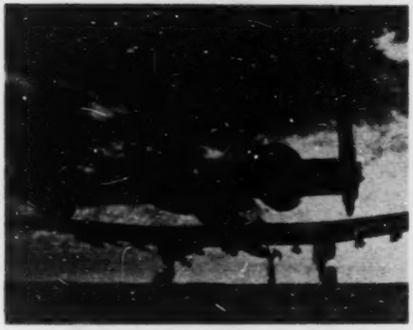
The defense budget is not and should not be used as a fiscal shock absorber. Defense budgets are based on the long-term national strategy for dealing with the threats we face, not in response to short-run economic developments. Moreover, strictly on economic grounds, even drastic cuts in the proposed defense program would not produce dramatic, long-term reductions in the deficit—fifteen years of budgetary history prove this to be true. After careful analysis, we believe issues related to our national security and economic well-being are too important to the future viability of our way of life to be discussed in terms of one issue—defense spending. Doing so is not only ineffective fiscal policy but also increases defense costs and impairs our national security.

Economies and Efficiencies

The vast scope of Air Force programs requires attentive, aggressive management to prevent misuse of tax dollars. Mistakes have been made, and some waste resulted; however, this Association believes that the Air Force has developed and put in place sound management programs to meet national security needs and to provide prudent fiscal stewardship.

Air Force spare-parts acquisition and management programs have received national attention recently—mostly adverse. In fairness, it must be emphasized that the Air Force itself discovered and reported these flaws in its procurement practices. The sheer size of this program justifies much of this interest—the Air Force manages more than 850,000 spare parts worth more than $85 billion. Another $6 billion will be spent in 1984 to purchase 80,000 more spares.

Heavy media coverage to the contrary, general spare-parts pricing is not unreasonable, every contractor is not overpricing spares, and most instances of overpricing are not deliberate attempts to defraud the government. The Air Force, of course, must continue its aggressive efforts to prevent excessive pricing of spare parts. Recommendations of Air Force Management Analysis Groups are being implemented, resulting in beefed-up Zero Overpricing and Competition Advocacy Programs. The Air Force is adding new civilian manpower slots to its Logistics Command (AFLC) to provide closer supervision of spare-parts pricing and acquisition. The Air Force's recently inaugurated Spare Parts Retention Program is designed to prevent disposal of usable spare parts temporarily declared excess. This program should result in substantial annual savings. Despite recent successes, continued emphasis on spares program management must remain a top USAF priority.



Another significant area of cost savings, keyed to improving defense industry productivity, is a series of acquisition initiatives. The Air Force's goals of enhancing program stability, expanding multiyear procurement, and achieving economic and stable production rates offer significant potential for controlling the escalating high cost of modern weapon systems. The Air Force is encouraged to continue development and use of program management tools, such as Independent Cost Analyses (ICAs), contractor incentives for product reliability and support, early programming and budgeting for improved readiness and support, and competition advocacy, including dual-sourcing, for competitive acquisition of system production and follow-on contracts.

Although this Association believes the Air Force is a good steward of the taxpayers' dollars and applauds recent efforts to improve upon an already impressive record, the threat facing our nation coupled with growing budget deficits makes it imperative that we gain the greatest defense capability possible from every available dollar.

Total Force

Since 1970, the Air Force has pursued a Total Force policy, incorporating the Air National Guard and the Air Force Reserve in wartime planning and peacetime operations and providing them newer, more capable equipment. For certain missions, they represent the best buy for the dollar to expand force capabilities.

The Air National Guard and the Air Force Reserve carry a large and important part of the day-to-day mission for the strategic, general-purpose, and mobility forces and maintain a continuous high state of readiness to respond in crisis situations with personnel who are highly experienced, proficient, and professional. The Air Force and Department of Defense rely heavily on their contribution to national security. In terms of wartime roles, they provide thirty-four percent of the tactical fighter capability, fifty-eight percent of the tactical airlift and fifty percent of the strategic airlift aircrew capability and tanker/cargo aircrew capability, twenty-one percent of the strategic aerial refueling capability, thirty-three percent of the tactical air support, and sixty-seven percent of the air defense mission.

As the contribution of the Air Guard and Reserve to the Total Force grows, the need for continuing modernization becomes increasingly important. Their air defense capability should not be allowed to diminish due to increasing obsolescence and budget restrictions. Current line aircraft of the Guard and Reserve are being upgraded to provide maximum air defense capability by replacing F-4 aircraft with F-15s and F-16s. The antiquated C-130A is not sustainable to support Army and Air Force fighting forces in the field. Obsolescent Guard and Reserve aircraft and mission support equipment should be replaced or modernized on a timely schedule. The transfer of C-141 and C-5 aircraft to the Reserve and the Guard is the first step in the Air Force plan to upgrade the strategic mobility forces. Long-range plans include additional C-141/C-5 transfers and acquisition of the C-17 for the Air Guard and Reserve. Acquisition of first-line aircraft, with their more economical operation and advanced technology, also adds to the efficiencies of the Reserve and Guard. The equipment must be upgraded so as to be logistically and operationally interoperable with that of the active force.

Nuclear Forces

At the top rung of the ladder of military requirements, the strategic nuclear forces of the United States—and the host of capabilities needed to maximize their effectiveness—remain in dire need of qualitative and quantitative improvements.

Massive Soviet investments in strategic nuclear systems have wrought a dramatic shift in the strategic balance. Gone is the clear-cut US superiority of the 1960s and the rough parity of the late 1970s; today, Moscow enjoys an advantageous position. The momentum of Soviet strategic modernization programs, if not countered by a vigorous US response, presents the ominous fact of ever greater Soviet superiority in the years ahead.

ICBM Modernization. The most destabilizing aspect of the Soviet strategic buildup has been the vast improvement in the ICBM force. In contrast to US reliance on a balanced triad of strategic nuclear delivery systems, more than fifty percent of Soviet strategic delivery capability and about seventy-five percent of their available warheads are concentrated in their ICBM force. While USAF's newest missile—Minuteman III—entered the force in the early 1970s, the USSR has deployed more than 750 SS-17, SS-18, and SS-19 ICBMs since the mid-1970s, most armed with multiple warheads. Moreover, the Sovi-

]

ets are continuing to upgrade their arsenal and have under development a new generation of missiles that is being flight-tested.

The US ICBM modernization program is vital to offset the unilateral Soviet growth in counterforce capability and ultimately to provide assured credibility of US retaliatory forces. These challenges can best be met by a broad, flexible approach to ICBM modernization incorporating the best of our modern technology and responding to the imbalances in throw-weight caused by Soviet ICBM deployments. We must provide this nation with a highly accurate, capable, and responsive ICBM force.

A threefold approach to ICBM modernization, as recommended by the President's Commission on Strategic Forces and approved by the President and Congress, will provide such a force. This Association endorses this approach.

First, we should continue our efforts to deploy 100 Peacekeeper (MX) missiles in Minuteman silos. The Peacekeeper is needed to redress the significant and growing asymmetry between US and Soviet strategic forces in the capability to place hardened targets at risk. The decision to deploy the Peacekeeper missile recognizes the importance of retaining the unique characteristics of the land-based ICBM: quick, flexible response, high alert rate, dependable, proven command control and communications, high accuracy, and low operating cost.

Second, this Association supports enhancing these characteristics through the development of a small, single-warhead ICBM that could be deployed in a variety of more survivable basing modes. This missile and its wide range of deployment options, in conjunction with the deployed Peacekeeper and Minuteman forces, could provide a diversification of forces capable of checkmating Soviet war plans. Development of this missile is under way with a view toward initial deployment in the early 1990s.

Third, these programs should be augmented through a vigorous research and development program including new hardening techniques for silos and shelters that may be used for deployment of Peacekeeper or small missiles and different types of land-based vehicles or launchers, particularly hardened vehicles for mobile deployment of small ICBMs.

The underlying objective of this comprehensive approach to ICBM modernization is to provide stability through deterrence and more effective arms control. The small missile enhances this objective by permitting the US, and encouraging the Soviet Union, to move toward weapon systems that can be less threatening and that have inherently reduced value as targets themselves. On the other hand, Peacekeeper provides the leverage needed to persuade the Soviet Union to negotiate seriously in this direction while providing a critical counterbalance to the capabilities of their existing systems.

Deployment of Peacekeeper does not detract from the need to continue qualitative improvements to our Minuteman force. Improvements to propulsion, guidance, and reentry systems are needed to redress growing support problems with these aging systems and to provide flexibility to counter continuing Soviet advances in strategic capability.

In the area of sea-based deterrence, development and deployment of the US Navy Trident II (D-5) submarine-launched ballistic missile (SLBM) are required to counter growing Soviet capabilities.

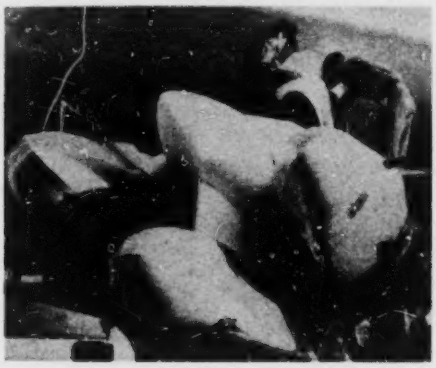
Air-Breathing Leg

Soviet advances in air defense and to a lesser degree in offensive weapons will make the current bomber force increasingly vulnerable. Soviet deployments of AWACS-type airplanes, "look-down/shoot-down" fighters, and monopulse radars—all in large numbers—by the late 1980s will severely stress the ability of the B-52 force to penetrate the Soviet heartland and destroy critical targets.

As a pivotal part of the strategic modernization program, the United States urgently needs to continue production of 100 B-1B bombers, with an initial operational capability in 1986.

The manned bomber is the only leg of the triad that can be used across the entire spectrum of conflict—conventional to nuclear. As reusable, multipurpose delivery systems, long-range combat aircraft can also deliver large nuclear or conventional payloads accurately throughout the spectrum of conflict. The bomber element of the triad of strategic forces can be launched prior to a final decision to employ these weapons, permitting the National Command Authorities (NCA) more time to evaluate strategic warning indications fully. Since the bomber can be recalled or withheld at any time, it is the least destabilizing strategic system.

Weapons-carrying bomb-



ers can be launched to ensure their survivability or to signal national resolve during time of crisis—with confidence that the crews can be redirected or recalled as the situation develops. Bombers provide the only capability to provide damage assessment of the primary target using the crew and aircraft sensors and, if necessary, to attack assigned alternate targets.

In conventional roles, bombers can provide an important supplement to US naval forces. They can provide collateral maritime support in long-range sea surveillance, ship attack, and minelaying. Bombers also carry a large number of diversified weapons, and each bomber can cover widely separated targets.

The B-1B, which relies on a combination of reduced radar observability and highly effective reprogrammable electronic countermeasures, will be fully capable of penetrating the Soviet Union well into the 1990s. This will allow designated B-52s to be employed for the cruise-missile carriage mission. To keep the B-52s as a viable penetrating weapon system over the next decade and beyond would require numerous, expensive modifications. Should the B-1B's capability to penetrate decline in the face of growing Soviet defensive efforts, the B-1B will be able to function as a very effective cruise-missile carrier and conventional weapon system. In view of developing Stealth technology, the acquisition of penetrating Advanced Technology Bombers (ATB) should start in the 1990s. The B-1B would be even more important if current expectations in regard to ATBs don't materialize. A combined force of B-1Bs and ATBs incorporating Stealth technology provides a most effective bomber modernization program for long-range combat missions (nuclear or conventional) well into the twenty-first century. Both systems are needed.

In the meantime, the air-launched cruise missile (ALCM) and avionics modification program for the B-52 force must continue to keep these aircraft viable through the 1980s. This modification program transforms the B-52 from a shoot-then-penetrate role to a standoff role. The ALCM, which achieved an initial operational capability on the B-52 in 1982, will provide greater accuracy and flexible routing and targeting and will stress Soviet air defenses. Its follow-on, the advanced cruise missile (ACM), takes advantage of new developments in cruise-missile technologies and will further ensure that our force of cruise missiles will maintain their flexibility and effectiveness well into the future. The ALCM and ACM, deployed in conjunction with short-range attack missiles (SRAM) and gravity weapons, improve the overall capability of the air-breathing leg of the strategic triad. For more than a decade, SRAM has enhanced the capability of the manned bomber to perform the penetration mission. This unique operational capability must be retained for our modernized bomber force in order to prevent optimization of enemy defenses and to maintain maximum flexibility of the bomber. The advanced air-to-surface missile (AASM) is planned to replace the venerable SRAM.

Strategic C^3I. Nowhere is the need for modernization more critical than in the area of strategic command, control, communications, and intelligence (C^3I), which, in the case of conflict or crisis, should give the national leadership the real-time, fast-changing picture of what is going on when and where and should provide the means for initiating the necessary responses. Years of inattention and underfunding have resulted in a gravely weakened C^3I system while Soviet capabilities to attack and disrupt US strategic networks have greatly increased. C^3I must be designed to give the NCA flexible operational control. Strategic force changes resulting from deployment of new systems require innovations in command and control in order for our forces to realize their full potential.

Improvements and further developments are needed in ground- and space-based radars for our C^3I network to operate in all phases of nuclear conflict. Current deficiencies are such that C^3I systems' survival from a first strike, let alone endurance through a prolonged nuclear conflict, is not assured. Congressional action to support the upgrading of our warning and communications network is essential. Costs for needed improvements are substantial, but not out of line with other planned strategic force modernization costs. The triad's ability to perform its mission ultimately depends on reliable and survivable command and control, thereby justifying the costs of such upgrade programs.

Specific needs center on improving the survivability and performance of many critical control networks through upgrades, the use of nuclear-hardening techniques, higher power transmitters, redundancy and proliferation of critical C^3

nodes, and employment of new satellite and air- and ground-based systems. Key requirements include:

- The World Wide Airborne Command Post (WWABNCP) C³ systems must be upgraded and hardened against nuclear effects.
- The Air Force's worldwide high-frequency (HF) radio stations need upgrading to provide coverage and higher power. Airborne HF radio equipment should be replaced with modern equipment.
- Existing tactical warning and attack assessment systems require extensive upgrading.
- The very-low-frequency/low-frequency (VLF/LF) systems require modification with a new processor to improve transmission in a stressed environment. VLF/LF receivers must be expeditiously installed in bombers.
- The Ground Wave Emergency Network (GWEN), a low-frequency overlapping radio relay network supporting critical two-way data communications in a nuclear environment, should be fielded expeditiously. Electromagnetic pulse (EMP) protection for critical communications equipment must be provided through the Aircraft Alerting Communications EMP Program, including screened enclosures for selected equipment at Strategic Air Command main operating bases.
- Over the long term, there is a need for improved satellite capabilities at frequency ranges that sustain communications in a nuclear-disturbed atmosphere. The Milstar Satellite Communications Program needs to be developed and deployed to provide highly jam-resistant and survivable satellite communications for the command and control of our strategic and tactical forces. Additionally, defense and national security activities will continue to need wideband satellite relay for their high-speed digital communications.

Intermediate-Range Nuclear Forces. There is a crucial need to augment the strategic nuclear forces with modernized intermediate-range nuclear forces (INFs) comprising Pershing II missiles and ground-launched cruise missiles (GLCMs). The latter, with a range of 2,500 kilometers, will be able to strike fixed targets throughout Eastern Europe and in the Soviet Union from their sites in England, Italy, West Germany, and possibly other Western European locations.

In response to the large-scale Soviet theater nuclear force buildup, notably their continuing deployments of the SS-20 mobile intermediate-range ballistic missile and the Backfire bomber, NATO agreed in December 1979 to a long-range theater nuclear modernization program involving deployment by the US Air Force of GLCMs and by the US Army of Pershing II missiles in Western Europe. Initial operating capabilities were achieved in December 1983. Deployment of GLCM will allow the use of dual-capable aircraft in the conventional role for a longer period before transitioning them to a nuclear role. This would allow planners to take full advantage of the inherent flexibility and capability offered by manned aircraft to strike targets of opportunity. Soviet propaganda campaigns keyed to Western European sensitivities as NATO allies have, for the most part, failed to affect deployment of GLCMs and Pershing IIs.

Strategic Defense

Our strategic defense forces must provide timely, high-confidence warning and attack assessment to enable the NCA and the strategic retaliatory forces to take appropriate survival and response actions and to limit damage from an enemy attack. Reliable and survivable strategic defense systems contribute to overall deterrence by reducing the prospect that the Soviet Union could carry out a successful attack. The US lacks adequate strategic air defenses because of the limited range of existing surveillance systems and major gaps in low-altitude and coastal surveillance coverage of potential avenues of attack. Existing detection systems cannot assure sufficient tactical warning for the NCA and appropriate military commanders to take necessary survival measures. Furthermore, even with tactical warning, the current fighter force would not be able to conduct effective, active defense against low-level penetrators, since the bulk of this force lacks a look-down/shoot-down capability against such a threat.

Atmospheric Defense. The current Distant Early Warning (DEW) Line was installed in the 1950s. The DEW Line can be underflown or circumvented sea

ward with minimal range penalty, and its radars are increasingly costly and difficult to maintain. Some seaward surveillance is provided by the joint surveillance system (JSS); however, this system is line-of-sight limited and also has numerous medium- and low-altitude gaps. Over-the-horizon backscatter (OTH-B) radars must be deployed on both East and West coasts as well as in a south-looking site in order to remedy these problems. These radars will provide coverage out to about 1,800 nautical miles.

With the bulk of the United States air defense fighter force more than twenty years old and only marginally effective against Soviet capabilities, modernization of these fighters is one of the Air Force's most pressing needs. Active and Air National Guard F-106 squadrons should continue to be converted to F-15s and F-16s. The Air National Guard and Air Force Reserve provide sixty-seven percent of the air defense mission in wartime.

The USAF/FAA JSS will provide the command and control capability required for peacetime surveillance and control. In conjunction with the E-3A Airborne Warning and Control System (AWACS), it will provide a limited wartime capability. Since the JSS is not survivable and provides only limited radar coverage, wartime air defense surveillance and battle management are dependent on the E-3A.

To detect the modern multiple independently targetable reentry vehicle (MIRV) missiles and to solve maintenance and supply support problems of an aging system, a two-part program to modernize the ballistic missile early warning system (BMEWS) must be completed expeditiously. Modifications should include replacement of the missile impact predictor computers at all three sites and upgrades of the detection and tracking radars at two sites.

Also, two additional phased-array SLBM missile warning sites (PAVE PAWS) must be built in the southeast and southwest United States. These new PAVE PAWS sites will provide a substantial improvement in SLBM tactical warning capability and will allow USAF to close two old sites that are becoming increasingly costly to maintain.

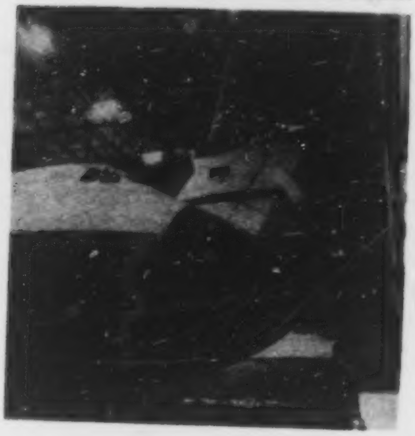
Strategic Defense Initiatives. On March 23, 1983, President Reagan called for a robust research and technology program to investigate the technological potential to eliminate the threat of nuclear ballistic missile attacks. This call created the Strategic Defense Initiatives. Its first product, the Fletcher Committee Report, advocated a multitiered system of space and ground weapons, communications, surveillance, and support assets to meet the challenge. The report also indicated that recent progress in enabling technologies was such that the US was ready to investigate at an accelerated rate. The Air Force's main participation will focus on the space segments of a defense technology effort and the critical battle management, C^3, and system survivability considerations as a major partner in the OSD lead program. The Air Force Systems Command and Space Command bring to the program a vigorous technology and operating community in the areas of surveillance, acquisition, and tracking of targets, kinetic- and directed-energy research and development, command and control architecture and operating systems, and some twenty years of complex space system operation. This Association fully supports strong Air Force participation in this vital program.

Readiness and Sustainability

The United States Air Force's investments in force structure and modern weapon systems need to be translated into warfighting capability by near-term investments in readiness and sustainability programs. The proper mix of modern equipment and well-trained, dedicated people who have at their disposal effective repair facilities, sufficient spare parts inventories, adequate munitions, and fuel is essential. The Air Force has made the readiness and sustainability of existing forces the number-one priority for conventional forces.

Readiness is the ability of force units, weapon systems, or equipment to accomplish their assigned mission. It is achieved through realistic operational training, maintaining the elements of the force at a high proficiency level, and ensuring that each unit is equipped with sufficient trained personnel, spare parts, and consumables. Sustainability is staying power—the ability of our forces to fight beyond the initial period of combat—and is achieved largely by having adequate stocks of spares, supplies, munitions, and fuel.

Recent devotion of resources to readiness and sustainability initiatives—spares, maintenance, training, personnel, munitions, and fuel—has begun to pay off. The downward trend is being reversed. Flying time for tactical aircrews has increased by fifty percent since 1978.



and the 1983 mission-capable rates for the F-15, F-111, and F-4 are at the highest levels in five years. This, however, is not enough. Funding for readiness and sustainability must continue to receive the highest priority. Efforts to increase operational flying, expand stocks of spare and repair parts and munitions, decrease the depot maintenance backlog, and provide near-term combat capability need to be sustained.

The wartime performance of our modern aircraft can be only as good as the munitions they carry. More modern munitions increase the efficiency of each wartime sortie, allowing destruction of more targets with decreased attrition of aircraft and aircrews.

Sufficient quantities of more modern munitions and spares must be procured. Munitions shortfalls will require more time to correct than those for spares due to the limited production base available and the time required to phase in newly developed munitions.

Readiness and sustainability shortfalls cannot be corrected overnight. Special attention must continue to be devoted to these accounts to eliminate the existing backlog in unfulfilled requirements. Maintaining a combat-ready force will require a steady and balanced provision of significant resources over time.

Force Projection

The ability to project forces early and to keep them resupplied is essential to deterrence and critical to the outcome of conflict. Success in battle depends on having the right forces in the right place at the right time and with the right supplies. This requires the movement of critical cargo to a theater of operations and then within that theater. Airlift, sealift, and prepositioning play vital roles in the mobility equation, but only airlift, the most flexible component of today's mobility forces, can provide timely reinforcement, supply of forward deployed forces, and support of rapid force projection. The Air National Guard and Air Force Reserve are crucial elements of the airlift force providing fifty percent of the strategic and fifty-eight percent of the tactical airlift aircrew capability. Even though airlift enhancements were supported during 1984, mobility assets remain inadequate to meet the deployment requirements of US combat forces.

In all contingencies, airlift provides the means for rapid deployment, and in many contingencies, airlift—with its flexibility, speed, and long range—is the only answer, either because of geographic location or the swiftness with which a threat arises. Hence, the importance of adequate and responsive airlift cannot be overstated. The global character of US interests and commitments makes it imperative that we have the capability of quickly deploying and providing initial support for combat forces anywhere in the world. Growing Soviet offensive capabilities have reduced warning and mobilization time, placing a premium on bringing US power to bear rapidly.

Airlift Master Plan. The Air Force Airlift Master Plan was developed to address proposed solutions to airlift needs using FY '83 capability as a baseline. In seeking to attain the congressionally mandated 66,000,000 ton-miles per day, the full potential of existing resources—seventy-seven C-5As, 267 C-141s, and twenty-six KC-10s—should be realized as quickly as possible. The C-5A wing modification, adding some 30,000 hours to its service life as well as range and payload improvements must continue expeditiously. The capability of these existing aircraft must be maximized by increasing spare parts stocks to permit higher sortie rates. Due to the growth in requirements for airlift peacetime operating stocks (POS) and war readiness spares kits/base-level self-sufficiency spares (WRSK/BLSS), recent improvements in funding have been diluted. Shortages of spare part sources seriously restrict the ability to meet projected wartime utilization rates. Increases in levels of spares involve long-lead times; therefore, funding must not be delayed.

The acquisition of fifty C-5Bs and forty-four KC-10s should continue to help correct today's insufficient capacity and meet near-term requirements dictated by national policy. The fifty C-5Bs requested by the Administration will add 7,500,000 ton-miles per day and provide a sixty percent increase in outsize cargo capability. The KC-10, a combined cargo and tanker aircraft, will provide both a new dimension in long-range aerial refueling capability and the capability of transporting large amounts of bulk and oversize supplies. While the new C-5Bs and KC-10s will provide an important and welcome step in the right direction, they will not satisfy completely the Congressionally Mandated Mobility Study's call for an intertheater airlift capability of 66,000,000 ton-miles per day. Further, they do not alleviate serious shortfalls

in intratheater airlift capability.

There is a continuing need for intratheater mobility and resupply. The C-130 is the backbone of the current force—the only airlifter with realistic intratheater capability. Just as the C-141 and C-5A have been upgraded to improve their capability and extend their service life, the C-130 also requires enhancement. This aircraft is showing the results of twenty years of hard service as experienced in Southeast Asia. Replacement of the outer wing and installation of a self-contained navigation system and enhanced station-keeping equipment will improve and extend its mission capability, and the radar homing and warning system will aid in protecting it against hostile fire in combat. Preservation of the C-130 is mandatory, as it is our only aircraft currently capable of performing intratheater airlift. These modifications must go forward, but a replacement for it and the C-141 will be needed in the 1990s.

C-17. Initiation of full-scale development (FSD) of the C-17 in FY 85 prepares the way for procuring the airlift system designed as the core of the Airlift Master Plan. The C-17's performance characteristics make it unique—direct delivery of outsize cargo to both major and austere airfields. Augmented by the C-5 and C-141 in the strategic and by the C-130 in the intratheater airlift roles, the C-17 provides the heart of the future airlift force. Full funding of the programmed 210 C-17 aircraft must be accomplished without slips or cuts to meet mobility and support requirements.

European Distribution System. The new European Distribution System Aircraft (a small, off-the-shelf commercial cargo aircraft designated the C-23 Sherpa) requires continued funding to assure the airlift capability for rapid delivery of fighter aircraft spare parts in Europe and improvement of their warfighting ability. This new concept promises to be an inexpensive process to enhance readiness in NATO.

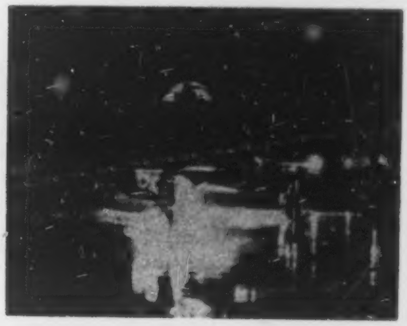
CRAF. The Civil Reserve Air Fleet (CRAF) provides more than forty percent of the intertheater airlift—passengers and cargo combined—available under crisis conditions. Further expansion of the CRAF wide-body fleet is planned. Even if full FY 85 programs are implemented, airlift shortfalls will exist and will require major future efforts.

Airlift C². To compensate for limited airlift resources, it is imperative that MAC's command and control (C²) capability be brought up-to-date and expanded. Deployable VHF satellite terminals, improved data sets, and a local area net information processing system are required to provide superior fleet operations management, partially offsetting shortfalls in airlift resources.

Rescue and Special Operations. The USSR and its surrogates seek to promote revolutions and insurgencies around the world. This factor, combined with the potential for low-level conflict within and among Third World countries, makes it essential that the US maintain special operations forces capable of conducting missions in every region of the world where the US has vital interests. In peacetime, these forces must be able to assist friendly nations that confront externally supported low-level subversion or insurgency. In war, special operations forces must be capable of conducting various missions, including special strategic operations and the destruction of military targets. It is essential, therefore, to modernize as well as to expand the fixed-wing aircraft fleet—especially the MC-130H Combat Talon II aircraft.

Air Force responsibility for combat rescue and recovery far behind enemy lines requires additional capability. The Air Force decision to replace helicopters of limited payload, range, and cruise speed with the HH-60A warrants full Defense Department and congressional support. Support for this replacement program is necessary to assure that the best low-level, night, operational capability exists.

Aerial Refueling. USAF analyses show that additional aerial refueling capability is needed for optimum bomber penetration routes to support the single integrated operational plan (SIOP). In addition, the requirement for tanker support is increasing as B-52Gs and Hs begin to carry ALCMs. Compounding this is the growing requirement to refuel airlift and tactical aircraft for such contingency operations as in NATO or Southwest Asia. Present aerial refueling requirements for combined SIOP



contingency missions exceed capabilities substantially. During simultaneous operations, strategic and other missions would be seriously degraded because of tanker limitations.

The Air National Guard and Air Force Reserve are vital components of the aerial refueling force. They provide fifty percent of the strategic tanker/cargo aircrew capability and twenty-one percent of the strategic aerial refueling capability.

The Air Force program to reengine the KC-135 fleet with CFM56 and JT3D/TF33 engines, therefore, is imperative. This will add refueling capability and overcome specific operational and environmental problems. These problems include limited thrust and fuel offload capabilities, excessive fuel usage, chronic water augmentation (takeoff thrust) problems, and excessive engine noise and gaseous emissions. Recent experience with US Central Command forces in such scarce water areas as the Mideast shows water requirements would be a problem for KC-135s. Reengining the KC-135A will correct these problems. Eventually the entire inventory of 640 KC-135s must be reengined.

In addition to the KC-135 reengining, additional air refueling capability must be provided through KC-10 procurement. These two programs must be funded in sufficient quantities to help satisfy growing refueling requirements and to provide a flexible tanker force to satisfy a wide range of strategic and general-purpose missions. Each aircraft in the tanker role is ideally suited to a specific mission: the KC-10A to long-range deployment of aircraft and cargo, and the KC-135 to the SIOP, mid-range deployment, or employment scenarios. The KC-10 does not solve present tanker deficiencies in terms of "boom" intensive requirements, in which more booms, not more fuel, are required to meet employment tactics. However, it does release KC-135s from other missions to fill this requirement. KC-10s provide a much-needed long-range refueling capability. A proper force mix of KC-10 and KC-135 aircraft is needed to enhance both long- and mid-range offload capacity and to provide increased basing flexibility.

Tactical Airpower

The Air Force faces a continuous challenge within a constrained defense budget in striking a proper balance between funding essential modernization of its tactical fighter forces and supporting programs designed to improve the near-term readiness and sustainability of these forces.

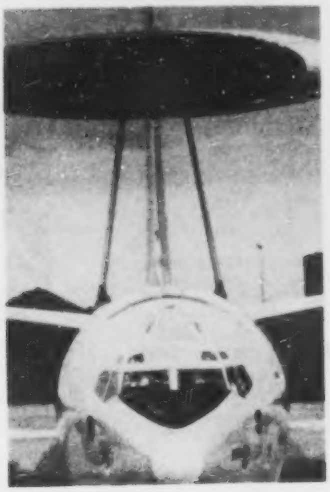
US tactical forces must be continually modernized and expanded to cope with the growing Soviet threat during day and night and all weather conditions. The potential for attrition in modern warfare is dramatic; our vital, reusable aerial delivery systems must not be exposed unnecessarily—standoff weapons with all-weather capability must be developed and produced. Continued improvements in the density, quantity, and complexity of the Soviet air defenses force USAF and allied air forces to pursue carefully selected tactical programs that will enhance the flexibility, deployability, firepower, and quick-response capability of their tactical forces. Further, since it is unlikely the US will ever match the numerically superior Soviet force on a one-for-one basis, the Air Force has to maintain an effective tactical air arm by exploiting the US technological edge. This requires emphasizing systems that achieve higher effectiveness through accuracy and lethality while reducing aircraft attrition.

The Soviets continue to outproduce the US in tactical fighters, and their sustained rate of investment and production translates into an increasingly sophisticated offensive force. Two-thirds of their 4,500 fighters are new "third-generation" aircraft, including the MiG-23 Flogger, MiG-25 Foxbat, Su-24 Fencer, and later-model Sukhoi Fitter aircraft, and they will begin producing their fourth-generation aircraft before completion of the third-generation buy. The result is that the average age of their force is one-half that of the US tactical force.

Tactical Fighter Road Map. Based on an assessment of the current force, a specific rationale and procurement strategy was designed for the total force and is outlined in what is called the Tactical Fighter Road Map. This strategy addresses our tactical fighter requirements from three perspectives:

- Procure the required number of fighters to flesh out, modernize, and sustain a forty tactical fighter wing force—twenty-seven active and thirteen reserve—plus an air defense force.
- Buy the needed mix of fighters to accomplish specialized and multirole missions.
- Develop the quality improvements to enable fighters to accomplish demanding combat missions.

The current fighter force consists of approximately



thirty-six wing equivalents with seventy-two combat aircraft each. Due to fiscal constraints, the goal to increase to forty equivalent wings will not be reached until the early 1990s rather than in the late 1980s as originally expected. Procurement is the key to the road map, and in order to grow, modernize, and sustain a forty-wing goal, we must reach a procurement level of 260–280 aircraft per year. In 1986, planned procurement will reach 228 fighters and, by 1988 hopefully will reach the required level of 276 aircraft per year.

To meet the Soviet challenge in the near term requires the Air Force to continue evolutionary improvements to existing fighters and to continue a balanced procurement of F-15s and F-16s. Tactical forces must be able to achieve air superiority in order to interdict and destroy enemy air and ground resources under all weather conditions and to provide effective close air support for friendly ground forces.

While we have an excellent air-to-surface weapon system, the A-10, there is a need today to close gaps in surface-attack capability, around-the-clock all-weather interdiction capability, and jam-resistant C^3 capability. Emphasis on a survivable, capable tactical C^3 network is essential to counter significant Soviet improvements in this arena. Further, the US tactical C^3 network must be interoperable with those of our allies to provide better detection, location, and classification of enemy forces.

The E-3A AWACS, a uniquely capable airborne command and control system of the US Air Force and allied powers, must be exploited to realize its full potential for force enhancement. Low-altitude navigation and targeting infrared for night (LANTIRN) must be developed and deployed to penetrate enemy air defense at low altitude and to find and destroy enemy targets at night and under the weather. Likewise, the global positioning and microwave landing systems must be exploited to provide all Air Force aircraft a survivable, all-weather navigation, attack, and landing capability.

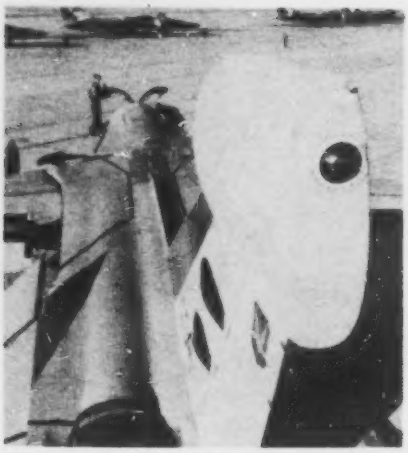
The centerpiece of the Tactical Fighter Road Map is the decision to buy the F-15E dual-role fighter. It satisfies the requirement for an aircraft that can fulfill the interdiction and offensive counterair missions. The F-15E will be able to carry out these missions against fixed and mobile targets both at night and under the weather. In addition, it will retain its inherent air-superiority characteristics and increase the theater all-weather defensive counterair capability. The planned 392-aircraft buy will equip four combat wings and allow theater commanders flexibility never before available in application of tactical airpower.

By the 1990s, current fighter designs will be twenty years old, and modifications will no longer be as cost-effective. The performance edge of these aircraft today will be narrowed significantly or be gone. Thus, to meet the threat in the 1990s and beyond, the Air Force must now begin work on a new fighter. The advanced tactical fighter program, coupled with associated efforts in engine technology, needs to be carried forward expeditiously to reach a planned initial operational capability (IOC) in the mid-1990s.

In terms of wartime roles, the Air National Guard and Air Force Reserve will be crucial elements of the tactical force, providing thirty-four percent of the tactical fighter capability and thirty-three percent of the tactical air support.

Modern Munitions. Sufficient stocks of modern, effective munitions are essential to our warfighting capability. The Air Force has a large stockpile of aging Vietnam-era munitions characterized by gravity bombs, low-probability-of-kill air-to-air missiles, and a general lack of precision guidance. While they remain reliable weapons, they are ill-suited to counter growing Soviet capabilities. Efforts must continue to improve the quality and size of the munitions inventory.

Particular emphasis on building up Air Force stocks of air-to-air missiles through development and procurement of the advanced medium-range air-to-air missile (AMRAAM) is imperative to cope with Soviet force improvements. AMRAAM will give fighters the capability to engage multiple targets more effectively and will increase aircraft survivability because of its high-speed range and lock-on after launch potential. In the near term, additional AIM-7M air-to-air missiles are required to meet stockpile requirements. We must buy more of such munitions as low-level, laser-guided bombs, GBU-15, 30-mm gun pod and ammunition, the combined effects munition (CEM), a new cluster munition, and Gator, an antiarmor mine, as well as to improve the effectiveness of such guided air-to-ground weapons as the imaging infrared (IIR) Maverick. Currently, US forces do not have the specific munitions to attack enemy airfields efficiently. Acquisition by



the Air Force of Durandal, a French-built, rocket-assisted, runway-cratering munition, should be followed by development of a new generation of weapons and submunitions.

Intensive R&D efforts are required to realize the next generation of munitions: sensor-fuzed weapons (SFW), hypervelocity missiles (HVM), and the extended-range antiarmor munition (ERAM). Accelerated development is required for hardened target munitions (HTM), an improved 2,000-pound bomb, and an alternate warhead for the IIR Maverick.

Realizing the importance of realistic training for readiness, AFA fully supports the continuation and broadening of the current family of tactical "Flag" exercises as invaluable tests and demonstrations of tactics, doctrine, and technology—involving allied air forces—to enhance the response capability of the free world's tactical airpower. We advocate additional specific training exercises, focused on likely areas of engagement, to evaluate US capability to conduct joint and combined military operations and to practice existing contingency plans.

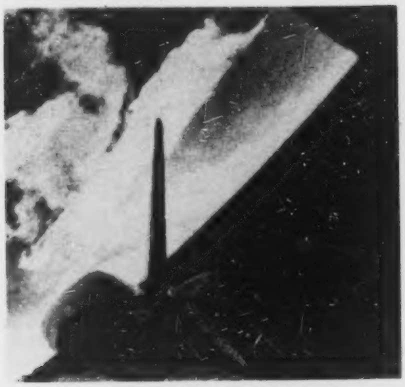
Electronic Combat Needs. Electronic combat (EC) is one of the fastest developing and changing elements of air warfare. It is frequently the one element that tips the scales of victory, as has been shown in recent battles around the world. Combat commanders must be provided viable EC options for aircraft self-protection to jam, exploit, deceive, or destroy combatant elements of the enemy air defense and command and control systems. A major requirement is continued, expeditious development and deployment of an integrated mix of self-protection, destructive, and disruptive systems to suppress enemy defenses and to protect penetrating US forces.

To conduct air operations throughout a campaign and to reduce the attrition of our numerically inferior forces, the enemy air defense system must be countered quickly and effectively. Self-protection as well as dedicated EC assets that counteract hostile air defense systems are essential. Also, protection capabilities are needed to ensure that aircraft avionics and ground- and space-based weapon systems remain effective in an electronic combat environment. Development of airborne self-protection jammers, updated existing radar warning receivers, procurement of low-smoke engines, and continued installation of new flare and chaff dispensers must receive high priority. Protection for our aircraft electronic equipment against jamming and nuclear disturbance is vital to maintaining weapon system effectiveness. Jam-resistant radios and jam-resistant data communications systems, such as enhanced joint tactical information distribution systems (EJS/JTIDS), must be developed and continually improved to provide near-term protection for voice and data communication systems.

The F-4G Wild Weasel is a central element of USAF's EC capabilities. Through the use of the on-board avionics package, the F-4G is able to deliver antiradiation missiles and other conventional ordnance accurately and quickly against surface emitters. The planned updates of this avionics package, along with the acquisition of the high-speed antiradiation missile (HARM) and IIR Maverick missile, are required to increase the lethality of the Wild Weasel and to extend its viability into the 1990s. The precision location strike system (PLSS) must be developed to permit pinpointing and subsequent destruction of enemy emitters and attack of other fixed targets. The ability to guide aircraft and standoff weapons accurately to a target, regardless of weather conditions or time of day, makes PLSS a high priority for suppression of enemy air defenses.

In the disruptive support area, the EF-111A, presently in production, will electronically jam early warning, acquisition, and ground-controlled intercept radars, while Compass Call, also in production, will counter selected tactical communications. Their objective is to disrupt the air defense network by denying or degrading information collection and information flow.

The Soviet Union relies heavily on electronic equipment for both its army and air force. The Soviets have made—and continue to make—major investments in radars, radios, and computers, resulting in the world's most formidable air defense network. USAF must gain air superiority in combat areas and be effective in delaying and disrupting the momentum of a Soviet attack; this requires real-time intelligence, effective defense suppression, close air support of engaged ground forces, and electronic confusion of Soviet forces and controls.



Thus, continued emphasis on research and development is needed to provide our combat commanders with the necessary equipment to counter the threat as it evolves and intensifies.

Space

The Department of Defense is becoming increasingly dependent on space-based assets to conduct effective and efficient military operations. The full integration of space operations in the employment of US terrestrial forces requires that the Air Force meet user requirements of availability, survivability, performance, supportability, and capacity. Space operations must include the conduct of those activities necessary to protect our use of space, protect our resources from threats in and from space, and operate space systems that enhance land, sea, and air forces.

The Air Force's role in space is to be prepared to conduct three types of space operations:

- Space support—launch and recovery activities and on-orbit support.
- Force enhancement—global surveillance and communications capabilities, worldwide command and control systems, precise positioning and navigational data, and current, detailed, timely meteorological data.
- Space defense operations—detecting, tracking, and identifying all objects in space; timely warning to the NCA of hostile actions to the United States and our allies; developing the capability to deny or nullify hostile actions committed in or through aerospace; and conducting sustained operations to detect and analyze aerospace threats.

The timely creation of Space Command (SPACECOM) provides for the consolidation of operational space activities into a major command and provides for a stronger working relationship between space-related research, development, and acquisition agencies and the operational users. More efficient use of our space systems in both peacetime and wartime, coupled with the very real Soviet threat, the increasing number of multipurpose, multiuser systems, and the legal mandate that forces be employed through the unified and specified command structure, leads this Association to recommend strongly that a Unified pace Command be activated early in 1985.

Development of the consolidated space operations center (CSOC) is essential for future US space operations. For management, operational, and economic efficiencies, CSOC will combine satellite control capabilities and DoD Shuttle flight planning, readiness, and command and control in a single facility, thereby providing increased capacity and redundant control. CSOC will enhance operational capabilities by providing greater mission flexibility and increased survivability of the satellite control network. For the Shuttle role, CSOC is vital to control military missions directly and to enhance protection of national security information.

Full funding of a vigorous program to enhance the survivability of our space systems is essential. Steps must be taken to improve the survivability of critical space systems, such as the defense support program (DSP). Equally essential are a satellite-based relay system, the survivable control system (SCS), and mobile telemetry tracking and control capability to provide survivable satellite command and control.

The Space Shuttle is important to USAF's space operations because it performs space launch services for critical DoD satellites. Beyond the objective of providing an economical, reliable, safe, timely, and reusable space-launch capability, the Air Force must have priority access to all elements of the space transportation system (STS) for tasks not possible with expendable launch vehicles and not practical with earlier manned space programs. In addition, the Shuttle allows man to become a routine part of space operations. The new opportunities provided by the manned presence, coupled with the increased payload size and weight limits, should be exploited to enhance US national security.

While affirming its commitment to the STS, the DoD must still provide expendable launch vehicles (ELVs) to ensure the availability of an adequate launch capability to provide flexible and operationally responsive access to space. The STS will remain the primary launch vehicle for routine DoD launch services. Unmanned ELVs will provide a complementary capability

to the STS. In this respect, development of a viable commercialized ELV industry is essential. It is further urgent that measures be taken to protect the development of this crucial private-sector, high-tech industry from heavy foreign government subsidized competition.

Development of a higher-energy upper stage for the Space Shuttle is essential because of the growth in the payload weight requirements. The increase in payload weight results mainly from modifications to extend the life span of each satellite and from the accommodation of Shuttle on-orbit expendables to prolong the duration of each mission.

The Air Force should closely monitor NASA's development of a permanently manned space station for future potential military applications. There are many potential missions, such as communications command and control, surveillance, on-orbit service and repair of satellites, and research and development, that could be performed from a space station.

The Air Force should exploit fully the potential of a national system of space-based platforms, equipped with radar (and possibly infrared) for needed extension of our air defense networks. Such active space-based systems would be extremely effective for intelligence gathering, warning, forward posturing, and force management.

Development and flight-testing of this country's first nonnuclear space defense weapon, the F-15 miniature vehicle antisatellite (ASAT) system, must continue.

Research and Development

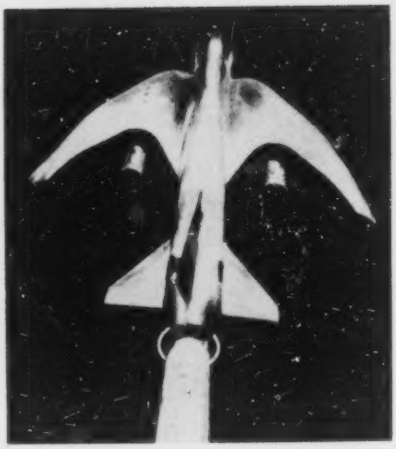
Tomorrow's military capabilities are the products of today's science and technology programs. The science and technology program, which includes manufacturing technology and materials technology efforts to increase the productivity and vitality of the industrial base, has one primary objective: to provide a margin of excellence sufficiently broad to enable the United States to develop and field new military capabilities superior to those of potential adversaries. Not only is the development and production of military equipment fundamental for the long-term strength of the armed forces—along with such factors as the skills, training, and morale of military people—but the high visibility of these programs makes them a crucial component of deterrence.

The United States relies on technological, rather than numerical, advantage to maintain superiority of its weapons over those of the Soviet Union. This Association firmly believes that loss of a qualitative edge is an ominous long-term threat. Today's qualitative lead over the Soviets is a direct consequence of this nation's prior technology investments.

We must maintain this edge. Over the past decade, the Soviets invested some $135 billion more than the United States in military R&D; because of the effects of inflation, the buying power of our investments in basic research and exploratory development declined by some forty percent since 1966. Over this same period, the Soviets graduated four to five times more engineers and scientists than the United States; through overt and covert means, the Soviets have been exploiting Western technology for use in their expanding military forces. Recent trends show alarming gains by the USSR in an increasing number of basic technologies, such as the application of charged particle beams and high-energy lasers, chemical warfare, antisatellite, and in other areas.

This country needs to maintain steady, adequate, moderate annual real growth in its technology base. Continuity of effort at a moderately increasing level is more productive and far more economical than crash programs conceived and executed in haste. Steady annual growth in those basic research and exploratory development programs that generate innovative concepts and that demonstrate their theoretical soundness and technical promise will translate into real capabilities for the future. High payoff technologies that the United States needs to exploit robustly include electronics, weaponry, propulsion, flight vehicles, and materials.

Integrated circuit technology is the keystone of modern military electronics. The very-high-speed integrated circuits (VHSIC) triservice (USAF-funded and -managed) program is imperative to provide the technology for coming generations of integrated circuits. VHSIC technology will allow implementation of advanced avionics system architectures in future production F-15/F-16 aircraft and the future advanced technology fighter that integrate subsystems for redundancy, use sensor information, and allow incorporation of artificial intelligence concepts. Payoffs will include enhanced performance and reliability and reduced life-cycle costs. The same is



true for solid-state phased-array radars which with improved performance higher reliability and reduced size and weight will provide air and spacecraft with a significant avionics upgrade Technology advancements in infrared imaging sensors that increase the range and resolution over current sensors and provide significant improvement in the day-night adverse weather reconnaissance and strike capability are essential R&D objectives

The Advanced Radiation Technology program should proceed expeditiously to exploit laser technology

The Conventional Weapons Technology program and related efforts are essential to provide the capability to deliver submunitions to close runways defeat armored columns and accomplish defense-suppression missions

In the area of propulsion turbine-engine technology must be advanced to obtain improved durability The complementary Advanced Turbine Engine Gas Generator and the Aircraft Propulsion Subsystem Integration programs deserve highest R&D priority and promise engines that will be smaller more powerful more efficient more durable and lower in life-cycle costs The Air Force Rocket Propulsion program is needed for advanced air-launched tactical and strategic missiles space launch systems satellites and ballistic missiles

An essential R&D goal is improved aircraft performance Short takeoff and landing technology is crucial to reduce dependence on conventional runways So are enhanced flight control weapons delivery systems and systems for increased aircraft survivability and safety New and improved materials are required to meet the increased performance and reliability demands of future aerospace systems

US technology programs make available a range of technical options to support whatever roles and systems national decisionmakers choose for the military in space Space systems must have a higher degree of autonomy on orbit and less dependence on ground control Work must continue on technologies needed for the next generation of space missions

The Soviets are continuing their intensive program to acquire Western advanced technology through espionage and by exploiting inadequately controlled transfers abroad The US must halt this flow of its technology to the USSR

Cooperative efforts in research and development need to be continued to capitalize on the technological advantage and combined superiority of the free world's industrial base Such cooperative programs can benefit the force readiness sustainability and interoperability of US and allied forces

One of the key objectives in all military research and development efforts in the view of this Association must be to maximize return on investment This means that in developing new systems care must be taken that they are logistically supportable and affordable The most technically advanced system unless supported by a sound logistics base cannot take full advantage of the technology designed into it

Overall a robust technology base is an absolute requirement in this era of deterrence that involves cycles of moves and countermoves The US must not only be able to understand and correctly forecast Soviet weapon developments but must be prepared to start implementing a technological counter before Moscow has fielded new systems

The Air Force Association remains convinced that this nation's technological superiority is its most important advantage in the long-term political economic and military competition with the USSR We can and must retain that lead But the scope magnitude and determination of the Soviet technological effort represent a significant challenge it has already produced adverse trends in the military technology balance that we must reverse promptly Sustained investment growth and cost-effective management are the most immediate requirements facing us We urge that priority attention be given to meeting this central need in the next Five-Year Defense Plan

In summary the preservation of peace and freedom depends on more than rhetoric and one side's good intentions Peace does not happen it must be earned at a price The price of freedom is eternal vigilance ■

People Are the Priority

A policy paper titled "Defense Manpower Issues," adopted by delegates to AFA's annual National Convention on September 17, 1984

"Our success depends on getting the most out of every dollar and ultimately on the quality and dedication of our people. Well trained, well led, and highly motivated people are the key to strong and ready forces... strong and modern strategic nuclear forces, improved readiness and sustainability, more mobility, and modern tactical forces give the Air Force the hardware—the tools it needs—to carry out that mission. Our people give life to those systems and ultimately determine the course of battle."

This was the joint statement of Air Force Secretary Verne Orr and Air Force Chief of Staff Gen. Charles A. Gabriel when they appeared before the Ninety-eighth Congress. The Air Force Association wholeheartedly agrees! The Air Force must continue to attract and retain high-quality people to ensure that it is ready to fight and prevail in any conflict in which America may be engaged.

Today, it appears that the Air Force is well on the road to recovery from the devastating personnel losses that occurred in the late 1970s. During the past year, the Air Force enjoyed unprecedented recruiting and retention successes. Pilot and navigator inventory shortages have been eliminated for the first time since 1979. The shortage of critically skilled noncommissioned officers has been reduced from almost 7,800 last year to approximately 4,200. A cautionary note—despite these recent successes, the Air Force still suffers from low experience levels in some direct supporting skills.

In the coming years, the Air Force will be challenged to keep up this momentum and maintain an adequate resource of both military members and civilian employees. The Air Force is in a period of force growth brought on by changing military strategies and expanding roles and defense missions. At the same time, a declining youth population, anticipated increased private-sector competition for skilled people, rising employment, and an improving economy will make it difficult to keep pace with the growing demand for high-quality people.

In many ways, today's environment is reminiscent of 1975, when the services were unknowingly on the brink of a severe military manpower crisis. In that year, this nation experienced an economic downturn with high unemployment. A military pay cap was imposed in response to public pressure to reduce government and defense spending. This situation was followed by a strong economic recovery and two additional pay caps in 1978 and 1979. The result was that all services failed to attain their nonprior-service recruiting goals. More importantly, all services experienced alarming losses of trained careerists, including pilots, navigators, engineers, and enlisted personnel in critical skills, resulting in a severe impact on Air Force readiness. For this reason, the Air Force must continue to rebuild its experience base by sustaining the momentum and not ignoring past lessons.

Of particular concern to AFA is the impact of any efforts to degrade essential entitlement programs. The retirement systems, especially, continue to be reviewed by a number of agencies. It must be remembered that the principal purpose of the military retirement system is to sustain readiness. It has worked well in helping maintain a vigorous, experienced, and combat-ready force. The fact that it is the Air Force's number-one military career incentive further emphasizes the necessity to sustain the current system in its present state. This system is a well-earned entitlement that partially offsets the extraordinary demands of a military career (long hours, frequent relocations, enforced family separations, exposure to risk, injury, or death, etc.). The Civil Service Retirement System is similarly the single most important benefit for civilian employees. Further erosion of their retirement benefits could result in a crippling loss of highly skilled workers who are critical to the Air Force mission. Any adverse changes to these programs could have a devastating impact on recruiting, retention, and readiness and affect the overall mission of the Air Force.

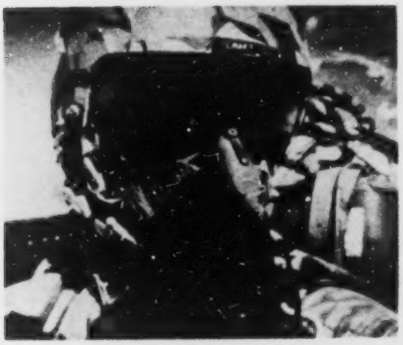
The Air Force continues to be the leader in Total Force integration. The Total Force includes all active-duty, Reserve, Guard, and civilian personnel and is organized, trained, and equipped as a team. The Air Guard and Reserve represent a significant portion of the Air Force's combat capability and, in recent years, have assumed an increasing share of Total Force responsibilities. Since 1972, active forces have been reduced by sixteen percent, while Air Guard and Reserve manpower has grown thirty-three percent. Today, they comprise approximately fifteen percent of the Total Force and nearly twenty-five percent of all Air Force flying and support missions. As the Air Force continues to modernize and identify new and expanded missions for the Air Guard and Reserve, many factors must be weighed to ensure that the Air Force can meet its peacetime and wartime requirements. The current Total Force mix has been set by objective analysis and provides a peak readiness capability. Any further directed changes or conversions should include similar analysis to ensure our nation's ability to deter our enemies and, if necessary, to fight and win.

Air Force civilian employees make up about twenty-four percent of the Total Force. Civilian employees are dedicated to supporting the efficient and effective accomplishment of the Air Force mission, including readiness for emergencies, and their contributions are significant and essential.

The Total Force is working, and together the military and civilian components satisfy the requirements for deterrence, peacetime presence, and immediate response in a crisis, national emergency, or war. With this in mind, AFA urges that Congress continue adequately to compensate and recognize what is truly the Total Force Air Force.

In sum, the rebuilding of our nation's defense must be sustained if we are to continue to meet the ever-growing threat. How well we meet that threat depends on people. To quote Secretary Orr and General Gabriel again, "Over the past three years, the Air Force has made a good start in regaining its strength—strength sapped by inadequate support for defense in the 1970s. Although we still have a long way to go, we're beginning to see results in the quality of our forces—highly skilled and motivated people with the right equipment, innovative tactics, and realistic training. With public and congressional support, we will keep up the momentum in building strong and ready forces."

There is no doubt that the current military and civilian retirement systems, pay comparability, compensation initiatives, and quality of life have been the key ingredients in regaining a strong and ready force. AFA does not believe that this is the time to cut back on these vital people programs. Rather, we believe it is crucial to look ahead at the challenges the Air Force faces in attracting and retaining high-quality people with technical skills.



With the foregoing in mind, AFA highlights the following crucial issues to maintain the momentum of the last three years.

Retirement and Estate Programs

Military Retirement System. The principal purpose of the military retirement system is readiness. As such, the present military retirement system serves several vital objectives. It provides a legitimate base for the nation's mobilization plans and ensures that a large, standing pool of skilled, experienced manpower will be available to meet wartime support requirements. It maintains an orderly flow of officers and enlisted members throughout the ranks to retirement while allowing sufficient incentives and rewards for advancement through promotions.

The retirement system also provides the foundation for the strong institutional support that partially offsets the extraordinary demands of a military career. The military retirement system is the services' primary career incentive. If this incentive is significantly diminished, highly skilled, marketable people will leave for the private sector in increasing numbers to obtain a more secure and stable future and a more predictable life for themselves and their families. The military retirement system has undergone numerous piecemeal changes in recent years. Changes since 1980 alone will reduce the value of lifetime retired pay for future retirees by twenty percent. Further reductions of this nature would jeopardize seriously our ability to maintain a quality force.

Civil Service Retirement System (CSRS). The CSRS is equally critical to civilian employees, who have already seen significant reductions to their retirement benefits. The cumulative reduction in retirement payments resulting from legislative changes to the CSRS between 1975 and 1983 already totals in excess of $5.3 billion. Further reductions could threaten the Air Force's ability to recruit and retain top quality employees—particularly those in high-technology occupations critical to the Air Force mission.

Supplementary Pension Plan. Congress is currently designing a supplementary pension plan to augment Social Security for new and former federal employees hired after December 31, 1984. It is critical that this plan offer a level of benefits that is competitive with those offered by major corporations, with which the federal government must compete for skilled employees.

Cost-of-Living Allowances (COLA). In the past four years, retirees have been asked to assume twice their fair share of the economic burden. Last year, eighty percent of the military retirees took a reduction in their cost-of-living allowance. For retirees under age sixty-two, this COLA adjustment, which is paid to help protect retired pay from erosion due to inflation, has been reduced. No COLA will be paid in 1984.

A COLA cap constitutes a reversal of the longstanding national policy of preserving the purchasing power of retirees. Making a COLA cap permanent would reduce the lifetime value of retired pay by thirty-three to thirty-six percent for most military retirees. It is an immediate money-saver but, for the long term, is an unstable and unacceptable solution as it discriminates against military retirees as a group on the basis of their age. Such a cap could have a growing corrosive effect on the attractiveness of the military retirement system as a career incentive as the cumulative reduction in purchasing power becomes apparent. This could have damaging consequences on retention, experience and readiness levels. Finally, it appears to be a "selling out of military retirees" in the name of saving money.

Survivor Benefits Plan Elimination of Social Security Offset. Under the Survivor Benefits Plan (SBP), when a widow or widower reaches age sixty-two or no longer has a dependent child, whichever occurs later, the monthly SBP annuity is reduced by the lesser of the amount of the Social Security benefit to which the widow would be entitled based solely upon post-1956 military service of the deceased servicemember spouse, or forty percent of the monthly annuity. These provisions have been interpreted to require that the monthly SBP annuity be reduced even when the widow or widower is receiving a Social Security retirement benefit based solely on that person's own work. AFA does not believe that an SBP annuitant who has earned and is receiving a Social Security retirement benefit based on his/her own work record should be penalized by having their SBP annuity reduced.

Survivor Benefits Plan Payment to Spouses of Missing Persons. AFA is concerned about a deficiency in both the Retired Serviceman's Family Protection Plan (RSFPP) and the Survivor Benefits Plan (SBP) that arises when participants in these programs disappear under circumstances in which it is reasonable to conclude that such participants have died. The deficiency is that there presently exists no authority for a determination of death. A determination of death of the participant is necessary to permit the payment of annuities under both the RSFPP and SBP. Under decisions of the Comptroller General, when a member who is entitled to retired or retainer pay is determined to be missing, the retired pay of that member may not be paid. Under existing law, the result is that, when a retired member is declared missing, the beneficiary of that member, usually the member's spouse, is denied access to the member's retired pay and may not be paid an annuity under either RSFPP or SBP, as the case may be. AFA supports action to permit the service Secretary concerned to make a determination that a participant in either RSFPP or SBP is missing under circumstances from which it can be reasonably concluded that such person is dead, provided the person has been absent for at least thirty days. Such a determination would permit the payment of an annuity under either RSFPP or SBP to begin.

Servicemen's Group Life Insurance (SGLI). SGLI is term life insurance available to service members (active duty and qualifying reservists). The principal purpose of the program is to make life insurance protection available, without war restrictions, at a reasonable cost to service members. The recently completed 5th Quadrennial Review of Military Compensation (5th QRMC) concluded that the current SGLI coverage of $35,000 does not provide a comparable basic level of coverage available to private-sector employees. In its final report to the President, the 5th QRMC recommended increasing the basic level of SGLI coverage to $50,000 and concurrently offering an additional $50,000 optional coverage on a voluntary, by-application basis.

Federal Employees Group Life Insurance (FEGLI). When civilian employees are separated, placed on leave without pay, or furloughed for military service, their FEGLI coverage is mandatorily terminated. This is a disincentive for federal employees to serve on active duty and could represent a severe financial loss, as FEGLI benefits can be substantial. The Office of Personnel Management has agreed to an Air Force request that they pursue legislation to correct this inequity.

Death Gratuity. The Death Gratuity is an immediate lump-sum cash payment to survivors of deceased service members that provides an "emergency fund" while payment of Dependency and Indemnity Compensation, Survivor Benefits Plan payments, Social Security benefits, and life insurance proceeds are pending. Current entitlement is based on six months' pay, with a minimum payment of $800 and a maximum of $3,000. The 5th QRMC determined that the Death Gratuity payment, as presently computed, does not meet the legitimate needs of survivors. The report recommends basing the Death Gratuity on three months' Regular Military Compensation (basic pay, quarters allowance, and subsistence allowance), with a minimum payment of $3,000 and a maximum payment of $9,000.

AFA Supports:

- Sustaining the present military and civilian retirement systems. If changes are mandated, they must be the result of thoughtful, deliberate, and thorough study of the system, taking into account the impact of such changes on military force management and readiness.
- Honoring commitments to military retirees and those on active duty by "grandfathering" these individuals against the effects of changes.
- Removing dual-compensation limitations for retired officers.
- Retaining lifetime coverage under CHAMPUS for military retirees, without regard to Social Security, Medicare, or service-connected disability treatment by the VA.
- Retaining lifetime commissary and exchange privileges for military retirees.
- Increasing the emphasis on preretirement counseling for both military and civilian employees.
- Having retirees become active in Air Force retiree programs, including the involvement of retirees in preretirement preparation and/or briefing programs.

- The Air Force Enlisted Men's Widows and Dependents Home Foundation and the Air Force Village
- Developing a fair and equitable supplementary pension plan for federal employees that is competitive with those offered by major corporations in the private sector
- Enacting legislation to discontinue the Social Security offset to a SBP annuity when a surviving spouse is receiving a Social Security workers pension based on his/her personal contribution
- Enacting legislation permitting the service Secretaries to determine that a participant in SBP is missing under circumstances from which it can be reasonably concluded that such person is dead provided the person has been absent for at least thirty days Such a determination would permit payment of the SBP annuity
- Increasing the SGLI basic coverage to $50 000
- Basing the Death Gratuity on three months Regular Military compensation with a minimum payment of $3 000 and a maximum of $9 000
- Providing for a three-year grace period for government-paid moves to home of choice upon retirement vs the present one-year period
- Continuation of FEGLI benefits during periods of active-duty military service

AFA Opposes

- Any proposal permanently modifying the COLA mechanism or any other proposal that would further erode the real purchasing power of retiree pay including caps and freezes
- Any offsetting of military retired pay by Social Security
- Further reducing Civil Service Retirement System benefits for covered employees
- Changing the federal civilian annuity computation formula to a "high five" average salary from the present "high three"

Compensation

Military Pay Comparability Long overdue pay raises in FY '81 and FY '82 essentially restored military pay to comparable levels with wages in the private sector Undoubtedly restoration of pay comparability was a critical factor in reducing the severe losses of the Air Force's mid-career and senior NCOs and mid-career officers during the late 1970s However similar to 1975 when a pay cap spurred a nearly disastrous downward recruiting and retention spiral military pay was capped at four percent on October 1 1982 and again on January 1 1984 This left a comparability gap of 8 7 percent—the greatest since 1972 previous low point was a 7 8 percent pay gap on October 1 1979 Private-sector wages increased 4 7 percent between March 1983 and March 1984 Assuming a four-percent pay raise in Fiscal Year 1985 military pay will still lag behind that of the private sector by approximately ten percent Failure to reverse this pay cap portends adverse consequences for readiness

Civilian Pay Comparability The principle of pay comparability for federal white-collar salaries was first established in 1962 later refined in 1967 and finally perfected in 1971 with the passage of the Federal Pay Comparability Act (PL 91-656) The system worked well during the initial years following its 1971 enactment with the exception of 1975 when an alternative plan was first adopted allowing a five-percent increase instead of the 8 66 percent needed to achieve comparability Since 1978 however alternative plans have become the rule for the annual pay adjustments rather than the exception and at present the "gap" between federal civilian and private-sector pay is estimated to be as much as twenty-one percent While some adjustments or "fine-tuning" to the system may be required a return to a pay system based on comparability to the nonfederal sector is necessary to restore credibility Failure to do so will detract from the Air Force's ability to recruit and retain the quality of federal civilians needed to keep the Total Force working

Variable Housing Allowance (VHA) The Variable Housing Allowance (VHA) program was implemented on October 1 1980 and became a statutory entitlement on September 30 1981 It was created to help members afford an acceptable standard of housing in the continental United States (CONUS) and to eliminate disparities in standards of living Responding to fiscal pressures Congress capped the FY '83 VHA program and required members to absorb housing costs equaling 19 4 percent of the BAQ (annually about $700 per person) The FY '84 DoD Appropriations Act froze combined BAQ plus VHA (*i e* housing allowances) at FY '83 levels and reduced VHA dollar for dollar by the amount of the BAQ increase In addition the Act limits VHA plus BAQ to $800 for members with dependents and $600 for members without dependents These VHA limitations mean that military members will incur annual out-of-pocket housing expenses of about thirty percent of BAQ to pay for housing costs ($900 million or about $1 200 per person)—that's double the fifteen-percent absorption rate prescribed by statute

Tax-Exempt Status of Military Allowances The Internal Revenue Service (IRS) in IRS Ruling 83-3 is attempting to reduce the tax deductions clergy members are allowed to take for housing expenses (interest real estate taxes etc) by an amount equal to nontaxable income Treasury has proposed application of the same concept to military members Such a ruling would have a devastating financial impact on military personnel More than 300,000 military homeowners would incur an additional tax liability of approximately $800–$4 000 annually—the equivalent of a four- to nine-percent pay cut As the pay gap widens and the economy improves retention will suffer If rendered, the IRS ruling would expand the current 8.7 percent gap between military homeowners and private-sector homeowners, forcing some members to sell their homes. The Treasury proposal ignores the fact that the tax-exempt status of housing allowances is an integral part of military compensation and has been accounted for in establishing military pay levels since 1965. Further taxation of military [illegible]owances is contrary t[illegible]gressional intent, le[illegible] precedent, and a pre[illegible] IRS ruling.

Career Basic Allowance for Subsistence (BAS). Denial of BAS to single careerists persists as one of the most significant career irritants to E-5s and above. The requirement to eat twenty-one meals each week in the same place is unrealistic. This "forced feeding" negates any potential benefit of interaction between career NCOs and their first-term subordinates during meal hours. It is particularly demeaning for single NCOs/supervisors in pay grades E-5 and above to be required to use a government mess while their married junior enlisted counterparts may eat where they choose. Experience with payment of BAS to all members at two bases confirmed that, when use of a government mess is made optional, the utilization rate is not affected and the desired positive interaction between NCOs and first-termers still results.

Civilian Uniform Allowance. Civilian employees such as firefighters and police officers, who must wear uniforms receive an annual allowance of $125. This amount has not been changed since 1969 and is grossly inadequate, resulting in substantial out-of-pocket expenses for these employees. This statutory limit must be raised to an amount reflective of actual costs today.

AFA Supports

- Using a phased approach, beginning in 1986, to restore military and civilian pay to reasonable comparability with nonfederal sector pay.
- Eliminating the pay ceiling for senior Air Force military and civilian personnel.
- Restoring the full Variable Housing Allowance based on the provisions of the FY '85 DoD Authorization Act.
- Permanently exempting military personnel from a possible tax ruling similar to IRS 83-3 or any other action which would limit military members' tax deductions by requiring them to offset mortgage interest and tax deductions by the amount they receive in BAQ, VHA, and/or rent plus.
- Retaining the pay and allowance system as the fundamental form of military compensation.
- Granting authority to pay BAS to E-5s and above as an initial step, then expanding the criteria to all careerists (E-4s with more than four years of service).
- Increasing the uniform allowance for federal employees.
- Permanently authorizing enlisted flight pay.
- Establishing a permanent system of flight pay for flight nurses, similar to that authorized for flight surgeons.

AFA Opposes

- Imposing a "freeze" on VHA benefits that would result in a "double pay cap" when combined with other caps on pay and allowances.
- Applying pay increases to other than basic pay.

Health Care

Copayment Fees in Military Treatment Facilities. The concept has been studied and/or recommended by the Congressional Budget Office, the President's Private Sector Survey, the General Accounting Office, and the Rand Corp. Military health care has traditionally been ranked as one of the top institutional supports associated with military service. Charging military beneficiaries for care would be a serious erosion of benefits and would adversely impact on morale and retention. Imposition of a fee, purportedly to reduce unnecessary demand, will be viewed by many beneficiaries as a ploy to raise revenues for the Department of Defense. While some visits to outpatient clinics can be retrospectively categorized as marginally unnecessary based on a physician's subsequent determination of the patient's condition, the vast majority of beneficiaries take the time and effort to seek care based on a genuine concern that professional treatment or advice is required. On the other hand, a financially driven decision to defer care may be counterproductive in costly care in the long run. Hardest hit by a copayment fee will be the approximately 400,000 dependents DoD-wide of junior enlisted personnel in pay grades E-4 and below. The sense of security that, regardless of their financial status, health care will be provided for their families would be severely diminished.

Defense Health Agency (DHA). DoD has proposed consolidation and centralization of medical planning and budgeting within the Office of the Assistant Secretary of Defense for Health Affairs (OASD/HA). This centralization would convey broad new powers to an OSD staff element, thereby implanting an additional bureaucratic layer into the chain of command of the military services and the Joint Chiefs of Staff (JCS). It would remove from the operational commanders the critical prerogatives of command, budget, and programming in support of peacetime and wartime requirements. The change would conflict with the statutory responsibilities of the service Secretaries who, along with the service Chiefs, are in the best position to evaluate, prioritize, and allocate medical resources in support of the overall mission.

CHAMPUS Improvements. To ensure military health care remains an effective retention incentive, new benefit improvements should be added. These include CHAMPUS coverage for eye exams, a dental-care plan for active-duty dependents and retirees, a cap on catastrophic CHAMPUS expenses, and expansion of CHAMPUS organ transplant coverage.

Federal Employees Health Benefits Program. Copayments and deductibles have increased for civilian federal employees over the past three years, while premiums have risen significantly. Many employees have been driven into plans requiring only relatively low premiums but who must then pay thousands more in out-of-pocket expenses should they suffer a serious illness or injury.

AFA Supports

- Ongoing DoD CHAMPUS cost containment initiatives.
- Enacting legislation providing space-available dental care for active-duty dependents, with an ultimate goal of a CHAMPUS-style dental program for all nonactive duty beneficiaries.
- Enacting legislation authorizing CHAMPUS to cost share eye exams.
- Continuing CHAMPUS coverage after age sixty-five as a second payer to Medicare, rather than termination at age sixty-five.
- Enacting legislation providing a catastrophic cap of $1,000 per year for family CHAMPUS liability.
- Expanding organ transplant coverage under CHAMPUS to include heart and other organ transplants.
- Legislation to increase health-care coverage for civilian personnel while lowering premium cost.

AFA Opposes

- Charging copayment fees in military treatment facilities.
- Creating a Defense Health Agency and/or the centralizing of the functions historically reserved for the service Surgeons General.

Travel Allowances

PCS Reimbursement. A 1983 Air Force survey showed that members incurred substantial out-of-pocket expenses each time they made a permanent change of station (PCS) move. For example, exclusive of home-ownership costs, the median unreimbursed expenses were $1,510 for mid-level enlisted members and $1,969 for junior officers. For an E-5, the out-of-pocket costs represent a loss equivalent to thirty-one months of the January 1984 four-percent pay raise. For an O-3, the loss represents an amount equivalent to twenty-three months of the January 1984 pay raise. More than half (fifty-eight percent) of the survey respondents stated they needed to borrow or withdraw from savings to meet PCS expenses.

Failure to reimburse military people adequately for government-directed PCS moves will adversely affect retention, as eventual improvement of the economy will entice more people to leave the service rather than endure continued out-of-pocket costs.

Civilian employees also have inadequate reimbursements for shipment of household goods and reimbursement for real estate expenses, especially with respect to overseas tours. The Civilian Career Management Program was developed for high-grade civilians (GS-12 and above) to place the best quality persons in job vacancies worldwide. In order to ensure the success of this program, and thus the most efficient use of high-grade Air Force civilians, legislation must be passed to authorize travel transportation expenses and certain real estate expenses for employees who have relocated for the benefit of the government.

Per Diem Inequities. Effective November 1, 1981, all members, enlisted and officers, were entitled to payment of Basic Allowance for Subsistence (BAS) and the food portion of per diem in cash when on official travel. These payments to enlisted members culminated an intensive seven-year effort by the Air Force to eliminate a serious career disincentive and significant financial inequities for enlisted members on official travel. However, after only two months, legislation passed on December 29, 1981, reversing per diem equity by requiring that an enlisted member's per diem payments be reduced by the BAS received, again creating inequities between the per diem payments to officers and enlisted members on the same official trip with similar expenses.

Locality-Based Flat Rate Per Diem System. The current reimbursement system is actually two methods of payment: actual expense reimbursement or per diem. As the actual expense method requires each item to be itemized separately and both methods require lodging receipts, the record-keeping for the traveler is extensive and quite confusing. Additionally, the myriad of separate rules and limitations on individual lodging and meal costs creates significant administrative costs in the processing and payment of travel expenses. Travelers are continually unsure of what they will receive as reimbursement for their official travel expenses. To eliminate these problems, the President, the Office of Management and Budget, the General Services Administration, the General Accounting Office, and the services are working to develop a simplified and fair reimbursement system: Locality-Based Flat Rate Per Diem.

AFA Supports

- Increasing PCS reimbursements for military members and eliminating the "negative compensation" associated with PCS moves.
- Increasing the PCS mileage allowance for military members.
- Increasing the mileage allowance for military dependents.
- Increasing maximum weight limitation on shipment of household goods for military members and DoD civilian employees.
- Providing military members a Temporary Lodging Allowance for PCS moves within the continental United States.
- Legislation to change the tax law regarding taxes on reimbursement for relocation expenses of civilian personnel.
- Funding for continuation of the program to provide one round trip per year for dependents of

members assigned overseas to attend secondary schools or undergraduate college.

- Providing adequate travel reimbursement to junior enlisted members being reassigned in the continental United States.
- Eliminating the restrictive language that creates differences between officer and enlisted per diem payments for a return to per diem equity.
- Implementing a Locality Based Flat Rate Per Diem System for military and civilian travelers.
- Providing travel transportation expenses to home of record upon retirement for civilian employees who have relocated for the benefit of the government.
- Providing transportation of dependents and personal effects when a civilian employee dies en route to or within three months after reporting to a new duty station.
- Providing reimbursement for expenses for sale of a residence at a civilian employee's former duty station (in US and nonforeign areas) if not reassigned to that former duty station upon completion of an overseas tour of duty in a foreign area.

Commissaries

The President's Private Sector Survey on Cost Control (PPSSCC). The Survey recommends that DoD terminate the operation of the commissary system in the continental US (CONUS) in areas where adequate commercial facilities are available. Reduced commissary support would undermine morale, which is a key element of military preparedness. DoD wide there are more than 951 000 married careerists who place great reliance on commissaries. In addition to careerists, discontinuance of the CONUS commissaries would be devastating to: (1) the many junior enlisted families who are hard pressed to make ends meet, (2) the 39 270 widows of Air Force members, and (3) the 139 755 totally disabled veterans eligible for commissary patronage. It would be difficult to quantify the impact that reduced morale will have on retention and ultimately on readiness; however, one could predict that it would be substantial based on member reaction when the proposal to phase out the commissary subsidy was advanced in previous years.

AFA Supports:

- Continuing the current commissary system.

AFA Opposes:

- Contracting out the management and control of commissary operations.

End Strength

End Strength. The Air Force requires programmed increases in both military and civilian end strength to support urgently needed force modernization and enhanced readiness. Requested manpower levels represent the minimum essential to field new weapon systems, many of which were recently approved.

AFA Supports:

- Increasing military manpower in support of force structure, force modernization, and enhanced readiness.
- Removing civilian end strength ceilings to enable the service to manage the size of the force within fiscal constraints consistent with overall service priorities.

Morale, Welfare, and Recreation

Morale, Welfare, and Recreation (MWR) Programs. More than ninety-three percent of Air Force members have stated that discontinuance or nonavailability of MWR programs would have a negative impact on their morale. More than eighty percent of the commanders surveyed feel that the impact would be major. Almost ninety percent indicate that there would be a negative impact on retention, with almost thirty-three percent indicating the impact would be major. More than sixty-eight percent of Air Force members indicate there would be a negative impact on family life. More than fourteen percent indicate a major impact on family life, with more than fifty-five percent of the commanders indicating a major impact.

AFA Supports:

- Constructing such new people support facilities as child-care centers, libraries, recreation centers, gymnasiums, arts and crafts centers, and youth centers.

The Family

Air Force Family Matters. AFA believes that family attitudes play a key role in the members' job, morale, and productivity, and in overall Air Force readiness. Since two-thirds of Air Force members have families, the impact on the mission by the families is significant.

AFA Supports:

- Expanding support functions and developing new programs responsive to changing needs of the Air Force family of the 1980s.
- Establishing fully funded, installation-level Family Support Centers throughout the Air Force.
- Expanding relocation programs to address the needs of the entire family, including help in obtaining temporary lodging at the new station before departure, help in locating new housing, and help in settling at the new location.
- Improving the quality of household goods shipment.
- Improving the quality and quantity of existing military family housing units and dormitories.
- Appropriating funds for the construction and operation of child-care facilities.
- Providing employment and education programs to assist family members in locating and preparing for employment.

Flying Incentive Pay

Aviation Career Incentive Pay (ACIP). Air Force rated requirements are based on wartime personnel resource needs. Peacetime cockpit seats, budget constraints, and operating costs make it undesirable to require all rated officers to fly and maintain full proficiency; yet, officers assigned to other than operational flying provide the rated personnel resources needed for wartime. The Air Force

has critical positions, such as operations staffs, that require rated expertise but that do not permit the member actively to fly. In addition, career-broadening assignments, such as the rated supplement, Professional Military Education and graduate education are vitally important in the development of future Air Force leaders but, again, do not permit the rated officers actively to fly.

The management system used to ensure that each aviator has the proper balance of cockpit/noncockpit duties is the "gate" system. This system requires an officer to earn entitlement to ACIP by performing operational flying for specified periods. ACIP has a payment rate schedule that reduces monthly payments to aviators in year groups that have reduced flying activity. This system is visible, provides compensation stability, is cost-effective, and has been proven with experience.

Officer and Enlisted Crew Member Flight Pay. The recently completed 5th Quadrennial Review of Military Compensation (5th QRMC) found that the services require crew member incentive pay to attract and retain volunteers in sufficient quantity to meet their needs. The current crew member rates, which range from $83 to $131 per month for enlisted members and $110 per month for officers, were found to be too low to provide an effective incentive. In addition, the 5th QRMC found that officer crew member flight pay should be reestablished. With the creation of Aviation Career Incentive Pay for rated officers in 1974, officer crew member rates, which ranged from $100–$245 per month, were repealed, and nonrated officer crew members were paid at the noncrew member rate of $110 per month, regardless of rank. The depressed officer crew member rates have created an imbalance and inequity. For example, an E-7 Medical Service Technician on an aeromedical evacuation crew receives $131 per month, while an O-4 Flight Nurse on the same crew only gets $110 per month. To correct this situation, the 5th QRMC recommended that officer crew member flight pay be reestablished at $125 to $250 per month and that enlisted crew member flight pay rates be raised to $110–$200 per month.

AFA Supports:

- Continuing the present ACIP system.
- Reestablishing nonrated officer crew member flight pay rates at $125 to $250 per month and raising enlisted crew member rates to $110–$200 per month.

AFA Opposes:

- A "Fly-for-Pay" system or payment of ACIP only to operational flyers.

Enlistment/Reenlistment Bonus Authority

Bonus Authority. The Enlistment Bonus (EB) and the Selective Reenlistment Bonus (SRB) are incentives to enlist and reenlist in the Air Force. Since original passage in May 1974, the EB/SRB authority expiration date has been extended six times. Several times, the extension legislation was passed after the expiration date, and a number of airmen were adversely affected because their reenlistment dates happened to coincide with the time gap. The SRB has been in effect for more than ten years and has proven to be a valuable retention tool. There is no reason for the bonus authority to have an expiration date that only serves to inconvenience a certain group of enlistees or airmen every two years.

AFA Supports:

- Legislation giving the services permanent authority to pay Enlistment Bonuses and Selective Reenlistment Bonuses.

Engineers and Scientists

Engineers and Scientists. Although the situation has been ameliorated to some degree, engineering and scientific skills will continue to be in short supply, particularly those involving electrical engineering disciplines. This area remains one of critical concern for constant attention.

AFA Supports:

- Continuing to fund for payment of an engineering and scientific continuation bonus and the AFIT Scientific and Engineering Continuing Education Program.
- Continuing the College Senior Engineering Program (CSEP).

Recruiting

Recruiter Special Pay. The present level of Special Duty Assignment Proficiency Pay (SDAPP) ($50–$150 per month, depending on experience) is no longer a viable incentive for highly qualified personnel to volunteer for recruiting duty. Those rates have been in effect since 1958 and have been seriously eroded by inflation. The all-volunteer recruiter force is essential to the sustainment of future recruiting success and must be maintained. It has been well-documented that a volunteer recruiter force is more trainable, more motivated, more productive, and cost-effective. An increase in SDAPP is essential if the Air Force is to continue to attract and retain the high-quality individuals needed.

The Air Force has led all services in providing military service opportunities for women. Currently, ninety-eight percent of all specialties and ninety percent of all Air Force positions are open to women. However, in conjunction with the FY '85 Defense Authorization Bill, the House directed the Air Force nearly to double its female enlisted nonprior service accession percentages in the future. In addition, the House directed that the Air Force undertake a complete review and reevaluation of the current system used to determine female accessions. A special Air Force study group has been formed to conduct the review and will provide their results to Congress.

AFA Supports:

- Increasing Special Duty Assignment Pay (SDAP) to $275 per month.
- Giving the service Secretary authority to determine the definition of "recruiting duty" with entitlement payable regardless of level of assignment.
- Retaining for each service Secretary the prerogative to manage each services' recruiting policies and procedures, within statutory limitations.
- Providing adequate recruiting resources.

Air Force Junior ROTC

AFJROTC: The Air Force currently funds 285 AFJROTC units. The AFJROTC serves as an important source for Air Force Academy, ROTC, and enlisted accessions.

AFA Supports:

- Increasing the number of funded AFJROTC units to the authorized level of 335 units.

Commissioned Officer Accessions

Officer Accessions: The Air Force must attract, from both college students and recent graduates, officer candidates able to meet the intellectual and technological challenges as leaders of the future. AFA continues to support all officer accession programs, i.e., Academy, ROTC, OTS, etc.

AFA Supports:

- Increasing the ROTC subsistence allowance for contract cadets.
- Taking action to assure accreditation for AFROTC courses toward degree requirements at those colleges and universities that do not grant such credit or grant limited credit.
- Increasing the funded AFROTC scholarships from 7,500 to 8,000 for FY '85 and beyond.
- Continuing funding at the 395 entry level for the Airman Education and Commissioning Program through the Five Year Defense Plan (FYDP).
- Offering opportunities for highly qualified enlisted members to become commissioned officers.

New Educational Assistance Program

Educational Assistance Program: The services have long seen an educational incentives program not only as necessary for manning an All-Volunteer Force but also as an institutional reward for military service. However, the Vietnam-era GI Bill terminated in 1976 and its replacement—the Veterans Educational Assistance Program (VEAP)—has proven to be ineffective. After six years, less than five percent of eligible Air Force members are participating. The declining pool of seventeen- and nineteen-year-olds, the reasonable likelihood of a strong economy, and the increasing need for technically oriented personnel will exert severe pressures on future recruiting and retention efforts. Historically, an effective means of offsetting these factors has been a noncontributory educational program. Features of a new educational assistance program should include: (1) noncontributory basic entitlement to enhance recruitment; (2) a noncontributory basic second tier available to attract quality people to stay beyond the second term; and (3) transferability of unused entitlements to immediate family members after ten years of active duty.

AFA Supports:

- Establishing a new educational assistance program developed to meet quality manpower needs over the long term—the mid-1980s and beyond.
- Repealing the Vietnam-era GI Bill expiration date (December 31, 1989), with eligible service members being entitled to such benefits up to ten years after their last discharge or separation.

Training

Training: The Air Force depends on high-quality people, realistic training, innovative tactics, and superior technology to give it the critical edge in combat.

AFA Supports:

- Retaining the "Project Warrior" program.
- Retaining the "Project Technology 2000" program as a low-cost program to motivate America's youth to aspire to math and science careers.
- Maintaining "Exchange Programs" between the private and military sectors to capitalize on the engineering and technical expertise in these areas.
- Maintaining aggressive and realistic training such as the Red Flag exercises.
- Strengthening Air Force individual training programs to keep pace with changes in technology and new missions.
- Legislation providing for a Skilled Enlisted Reserve Training program.

Air Reserve Forces

The Air Force Reserve and Air National Guard: These are vital partners in the Total Force. The Director of the Air National Guard (ANG) and the Chief of Air Force Reserve (AFRES) have the responsibility for overseeing the overall management of their respective component forces, which total approximately 464,000 personnel (177,000 Selected Reserve and the balance Individual Ready Reserve, Standby Reserve, and Retired). They must ensure that the resources needed to meet the mission requirements of an extensive system of unit and individual programs are justified, programmed, and approved. Since reliance on reserve compo-

nents has increased considerably over the past few years, the Air Guard and Reserve have been tasked with more combat and combat support missions. The addition of these missions has resulted in heightened visibility. In this regard, there are a number of issues that require support for the reserve components in order to ensure they have adequate programs to attract and retain the type of personnel required to meet the quality standards for which they are striving.

AFA Supports:

- Continuing to recognize the Air Reserve Technicians and Air Technicians as the primary peacetime management cadre for the Air Force Reserve and Air National Guard. The use of statutory tour personnel as part of this management cadre should be at the option of the Reserve/Guard Component Chief.
- Enacting a Reserve Officers' Personnel Management Act (ROPMA), which will enhance readiness.
- Retaining current military leave policies for federal employees who are also members of the Reserve Forces.
- The President's National Committee for Employer Support of the Guard and Reserve.
- Having employers develop equitable military leave policies that do not interfere with regular vacations for reservists.
- Studying the feasibility of a change to the reserve nondisability retirement plan to allow payment of an actuarially reduced annuity before age sixty.
- Raising the ceiling of sixty creditable inactive retirement points for Air Force Reservists and Air Guardsmen.
- Legislation permitting totally disabled reservists who have otherwise qualified for reserve retirement, receipt of immediate retirement pay.
- Continuing enlistment, reenlistment, and educational bonus programs for Air Force Reservists and Air National Guardsmen.
- Legislation providing authorization for special pay programs for Air Force Reserve and Air National Guard physicians and dentists.
- Legislation totally eliminating the Social Security offset from the benefits received from the Reserve Forces Survivor Benefits Plan (RFSBP).

POWs/MIAs

AFA Supports:

- Continuing the United States government's current efforts to resolve the POW/MIA issue and urges that resolution of this tragedy continue to receive the highest national priority until such time as the government has obtained the return of all US personnel who may still be held captive, the fullest possible accounting for those still missing, and the repatriation of the remains of those who died serving our nation.
- Resuming US government sponsorship of exploration of the US crash in Laos.

Former POWs

Congress, through Public Law 97-37, has directed that former POWs receive redress for past oversights of their physical and mental condition brought about through incarceration in enemy military prisons. Often, specific medical history, as required by the Veterans Administration, is lacking due to nonexistent or grossly inadequate medical records. Thus, the law declares that an assumption will be made that the disease or condition is the result of the incarceration, and it will be the responsibility of the VA to adjudicate each individual anew from the premise that it is impossible for the former POW to provide proper and detailed medical records from his imprisonment.

Comprehensive medical examinations were not always performed upon repatriation. Evidence now acquired through research indicates that long-term diseases and afflictions were initiated due to lack of food and the extreme living conditions that the prisoners endured.

Some POW veterans have now waited thirty-five to forty years for manifest diseases to be addressed. A special Advisory Committee on Prisoners of War has reported to the President and their report is now under study by Congress. We urge speedy and compassionate action be taken by the VA to correct these past oversights.

AFA Supports:

- Recognition of the dedicated efforts of the Advisory Committee on Prisoners of War to the Veterans Administration, which has developed a significant report now being studied by Congress.
- Greater adherence to the intent of the POW redress law PL 97-37, allowing presumption of service-connected disorders.

Overseas Service

AFA Supports:

- Improving overseas incentives programs, such as environmental morale leave programs for members with families, creation of home-leave provisions, higher priority dependent travel and emergency travel payments for members and families, upgraded overseas foreign duty pay provisions, and an increase in family separation allowance.

Civil Air Patrol

AFA Supports

- Providing continued federal funding of Air Force authorized missions, to include actual emergency services activities as well as training.
- The Cadet Program and its aerospace education mission.
- Legislation authorizing the Secretary of the Air Force to: (1) allow CAP to acquire excess items of equipment and supplies from all federal departments and agencies; (2) allow CAP the use of facilities and services of all federal departments and agencies; (3) expend appropriated funds to provide major items of equipment, particularly light aircraft, to assist CAP in fulfilling its emergency services mission; and (4) issue a complete service blue uniform to each CAP cadet to make the program more affordable and, therefore, available to a broader spectrum of American youth.
- Legislation increasing Federal Workman's Compensation disability and death benefits for CAP members and expanding that coverage to include all CAP flying activities.

Veterans

AFA Supports

- Continuing medical treatment for veterans with nonservice-connected disabilities and construction and resources needed to treat the nonservice-connected disabled veteran.
- Extending time restrictions on eligibility for earned veterans education benefits beyond December 31, 1989.
- Restoring the $300 burial allowance to all veterans, regardless of the cause of death.

AFA Opposes

- Reducing, in any way, benefits associated with veterans compensation, pension programs, and/or the VA medical care system.
- Reducing VA medical care facilities, hospitals, domiciliary care, or reimbursable travel funds for disabled veterans.
- Capping the cost-of-living increases for disabled veterans.

Education Reform

The Air Force Association associates itself with the recent report of the National Commission on Excellence in Education that highlights the fact that the education foundations of our society are presently being eroded by a rising tide of mediocrity that threatens our very future as a nation and a people.

The seriousness of our lack of excellence in education is characterized in the report in the following paragraph:

"If an unfriendly power had attempted to impose on America the mediocre educational performance that exists today, we might well have viewed it as an act of war. As it stands, we have allowed this to happen to ourselves. We have even squandered the gains in student achievements made in the wake of the Sputnik challenge. Moreover, we have dismantled essential support systems which helped make those gains possible. We have, in effect, been committing an act of unthinking, unilateral educational disarmament."

The Air Force Association concurs with the substance of the recommendations of the Commission that:

- State and local high school graduation requirements be strengthened and that, at a minimum, all high-school students seeking a diploma be required to lay the foundations in the five new basics (English, Mathematics, Science, Social Studies, and Computer Science) during their four years of high school: (1) four years of English; (2) three years of Mathematics; (3) three years of Science; (4) three years of Social Studies; (5) one-half year of Computer Science; and (6) for the college bound, two years of foreign language.
- Schools, colleges, and universities adopt more rigorous and measurable standards, and higher expectations, for academic performance and student conduct, and that four-year colleges and universities raise their requirements for admission.
- Significantly more time be devoted to learning the new basics. This will require more effective use of the school day, a longer school day, or a lengthened school year.
- Appropriate actions be taken to improve the preparation of teachers and to make teaching a more rewarding and respected profession.
- Citizens across the nation hold educators and elected officials responsible for providing the leadership necessary to achieve the needed reforms, and that citizens provide the physical support and stability required to implement the reforms.

The Air Force Association applauds the many actions that have been initiated throughout our country to improve our level of excellence in education—but we have only started. We realize our country is under challenge from many quarters—but the need to improve the educational opportunities for all our children, and particularly for those who will eventually serve their country in uniform, is paramount.

A nation's ability to influence other nations and survive in freedom depends on the integration of its economic, political, social, and military power in a purposeful design. In democracies, this design, and the roles and capabilities of its major elements, are determined by the populace. In the United States, where the military is civilian-controlled, the makeup and activity of the military are set by the people through their legislative and executive representatives. Since knowledge is better than ignorance in sound decision making, military studies should be included along with economic, political, and social studies. Therefore, to enhance public understanding of the importance of national defense to our nation's freedom and survival, AFA advocates a deliberate program of education in military history and military science in American schools and colleges. ■

National Officers & Directors of the Air Force Association for 1984-85

As elected by the delegates
assembled at the thirty-eighth
National Convention of the
Air Force Association
Washington, D.C.
September 16-20, 1984

Martin H. Harris
Winter Park, FL
National President

David L. Blankenship
Tulsa, OK
Chairman of the Board

Sherman W. Wilkins
Bellevue, WA
National Secretary

George H. Chabbott
Dover, DE
National Treasurer

National Vice Presidents

C. Clift Ball, Ocean Springs, MS
(South Central Region)

Charles H. Church, Jr.
Kansas City, MO
(Midwest Region)

Richard C. Doom
Canyon Country, CA
(Far West Region)

Hugh L. Enyart, O'Fallon, IL
(Great Lakes Region)

T.A. Glasgow, San Antonio, TX
(Southwest Region)

John P.E. Kruse
Cherry Hill, NJ
(Northeast Region)

Karen M. Kyritz, Golden, CO
(Rocky Mountain Region)

Jan Laitos, Rapid City, SD
(North Central Region)

Arley McQueen, Jr., Wells, ME
(New England Region)

William L. Ryon, Jr.
Potomac, MD
(Central East Region)

Philip G. Saxton, Portland, OR
(Northwest Region)

Morgan S. Tyler, Jr.
Winter Haven, FL
(Southeast Region)

National Directors

John R. Alison
Lew Allen, Jr.
Arthur L. Andrews
Joseph E. Assaf
Richard H. Becker
William R. Berkeley
Thomas O. Bigger
John G. Brosky
Daniel F. Callahan
Nancy I. Campbell
Earl D. Clark, Jr.
Edward P. Curtis
R.L. Devoucoux
Jon R. Donnelly
James H. Doolittle
George M. Douglas
Joseph R. Falcone
E.F. Faust
Joe Foss
Robert L. Gore
James P. Grazioso
Jack B. Gross
Thomas J. Hanlon
George D. Hardy
Alexander E. Harris
Gerald V. Hasler
H.B. Henderson
John P. Henebry
David L. Jannetta
Robert S. Johnson
David C. Jones
Francis L. Jones
Sam E. Keith, Jr.
Arthur F. Kelly
Victor R. Kregel
Thomas G. Lanphier, Jr.
~~Jess Larson~~
Curtis E. LeMay
Lee C. Lingelbach
Carl J. Long
Frank M. Lugo
Nathan H. Mazer
J.P. McConnell
James M. McCoy
Robert G. McCullough
Edward J. Monaghan
J.B. Montgomery
Edward T. Nedder
J. Gilbert Nettleton, Jr.
Larry O. Oliver
Jack C. Price
William C. Rapp
Julian B. Rosenthal
Peter J. Schenk
Walter E. Scott
Mary Ann Seibel
Joe L. Shosid
C.R. Smith
William W. Spruance
Thos. F. Stack
Edward A. Stearn
Howard C. Strand
James H. Straubel
Harold C. Stuart
James H. Taylor
James M. Trail
A.A. West
Herbert M. West, Jr.

Ex-Officio (Non-Voting)
Russell E. Dougherty
Executive Director

The Reverend Richard Carr
National Chaplain

Timothy K. Swenson
National Commander,
Arnold Air Society

Chairman, AFA Enlisted Council

Chairman, AFA Junior Officer
Advisory Council

FLEET RESERVE ASSOCIATION

Representing All Enlisted Personnel of the
U.S. NAVY ☆ U.S. MARINE CORPS ☆ U.S. COAST GUARD

1303 New Hampshire Avenue, N.W., Washington, D.C. 20036 • (202) 785-2768

25 March 1985

The Honorable Pete Wilson
Chairman
Subcommittee on Manpower and Personnel
Armed Services Committee
United States Senate
Washington, D.C. 20510

Dear Chairman Wilson:

It was a pleasure to appear before the Committee last week and present the views of my Shipmates on military retirement. I compliment you on your chairing of the hearing. Your remarks and those of Senator Glenn and Chairman Goldwater were most reassuring to the military community. Thank you.

The purpose of this letter is to answer the two questions you posed to us last Tuesday morning. The FRA is happy to cooperate in this regard.

The Fleet Reserve Association sees no practical advantage in implementing the Association of the U.S. Army's suggestion of encouraging commissioned officers to remain in service beyond the twenty-year mark by increasing the multiplier for computing retired pay to three (3) percent for those who stay beyond twenty-four years of service and for those who voluntarily retire before the 24-year service mark, decreasing the annuity to 35 percent vice the current 50 percent of basic pay until they have attained a combination of thirty full years of service.

If my memory serves me correctly, this is a variation of a proposal by the Department of Defense from the Third Quadrennial Review of Military Compensation. I am quite confident that I am correct on this point.

I stated the Fleet Reserve Association's position on this proposal during the hearing. Our rationale is as follows, in the first place, the individual services and the Department of Defense have never experienced a retention problem beyond the twenty-year service mark. Secondly, there is ample authority in current law to handle such a problem. A military member must receive the service Secretary's permission to "retire" on twenty years of service. Officers who serve beyond twenty are usually promoted to a higher pay grade. The new pay grade plus the added number of years of service in the computation of retired pay rewards him for his additional service. We see no practical reason or advantage in increasing military retirement costs this way.

As to your second question on whether or not military personnel feel they must retire at an early age so as not to miss the advantage of starting a second career while they are still at an acceptable employment age, we do not have a direct answer.

The Fleet Reserve Association has been surveying its members and many non-member Sea Service retirees to gather factual information on their circumstances and perceptions regarding their military careers. One of our most recent surveys was on retirement pay and the second survey was regarding second-career earnings. The former survey went to 301,113 retirees and 42,478 replied for a 14 percent response. The second-career earnings survey went to 175,589 retirees and we received 17,524 replies.

We did not specifically ask the question you posed. However, we asked some questions regarding retirement plans (see the enclosures). We believe there is a line of communication between senior active duty enlisted personnel on active duty and those who have recently retired. Judging by the responses to our questions, the picture of opportunity and employment which appear herein have relevance in that they do not seem to promote the notion of an ideal civilian career situation after military retirement. Surely that feeling is conveyed, at least indirectly, back to the active duty careerists approaching retirement.

Enclosed you will find the data on the responses to all relevant questions we asked in our survey. We hope they aid you in your search for answers. Be assured we stand ready to assist the Committee in any manner possible.

With warm personal regards, I remain in

Loyalty, Protection and Service,

Robert W. Nolan

ROBERT W. NOLAN
National Executive Secretary

Enclosures (6)

Enclosure 1

Summary of Total Retirement Pay Survey Returns

NET UNIVERSE	TOTAL SURVEY RETURNS	PERCENT RETURNED
301,113	42,478	14.1%

Summary of Total Second Career Earnings Ballot Returns

Eligible Universe	Ballot Returnes	Percent Returned
175,589*	17,524	10%

Universe is not NET of Nixie Mail

Enclosure 2

Upon retirement, did you or do you plan to return to school, college, or university for secondary job training?

	NUMBER	PERCENT
Yes	3674	41.65
No	4951	56.12
Missing or Errors	196	2.23
TOTAL =	8821	100%

Do you plan on, or are you presently employed in a second career?

	NUMBER	PERCENT
Yes	5822	66.00
No	2842	32.23
Missing or Errors	157	1.77
TOTAL =	8821	100%

Enclosure 3

Highlights From Second Career Earnings Ballot
Maildate: 15 April 1984
Data Entry Cut-off Date and Report Generation: 11 June 1984

SAS

Age Total Random Sample Respondents from Second Career Earnings Ballot		NUMBER	PERCENT
Under 62		3048	80.72
62 - 64		364	9.64
65 or over		240	6.36
Missing or error		124	3.28
TOTAL	=	3776	100.00

Enclosure 4

Highlight From Second Career Earnings Ballot

What was your area of specialty in the Service?		NUMBER	PERCENT
Seamanship		253	6.70
Electronics		440	11.65
Data Processing		47	1.24
Personnel		205	5.43
Aviation		666	17.64
Engineering		458	12.13
Administration		327	8.66
Finances		36	0.95
Recruitment		52	1.38
Mechanic(s)		256	6.78
Supply		427	11.31
Medical/Dental		199	5.27
Communications		268	7.10
Repair		142	3.76
TOTAL	=	3776	100.00

Enclosure 5

Highlights From Second Career Earnings Ballot

Upon completion of service, did you find a civilian job in which you were able to use the skills or experience you gained while on active duty?	NUMBER	PERCENT
Yes	1125	29.79
Only partially	924	24.47
No	1502	39.78
Did not seek employment	68	1.80
Went back to school after service	149	3.95
Missing or error	8	0.21
TOTAL =	3776	100.00

Do you recall if when you found employment you had to take a reduction in salary from what you had earned while on active duty?	NUMBER	PERCENT
Yes	2621	69.41
No	843	22.33
Don't recall	159	4.21
Not applicable	134	3.55
Missing or error	19	0.50
TOTAL =	3776	100.00

Enclosure 6

Highlights From Second Career Earning Ballot

Are you presently making the same amount of annual salary as a civilian friend of yours in the same business who never had a day of service in their lives?		NUMBER	PERCENT
Yes		973	25.77
No		1772	46.93
Don't know		298	7.89
Don't think so		124	3.28
Not applicable		469	12.42
Missing or error		140	3.71
	TOTAL =	3776	100.00

THE
RETIRED
OFFICERS
ASSOCIATION
201 N. Washington St. Alexandria, VA 22314-2529 • (703) 549-2311

March 25, 1985

The Honorable Pete Wilson
Chairman, Manpower and Personnel Subcommittee
Senate Armed Services Committee
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

This is in response to the two questions you posed to the panel of public witnesses appearing before your Committee during its Hearing on uniformed services retirement on March 19, 1985.

The first question had to do with factors influencing career military people in their decision to remain on active duty or retire.

Without benefit of a valid survey, any response we might offer would, of necessity, be totally subjective. Fortunately, however, such a Survey has been completed under an Air Force contract by The Conference Board, a New York consulting firm. The Conference Board enjoys an excellent reputation for its work in personnel and compensation areas. The survey, which has not yet been published, includes responses from 4965 Air Force officer and enlisted retirees. The retirees were presented a list of reasons for retiring and were asked to select the most important reason for their personal decision to retire. According to preliminary results, 950, about 20%, indicated that they felt they had to enter a second career before they became too old. About 16% of the group indicated that they were retired, mandatorily, due to age and/or twice failing to be promoted to the next higher rank. (The final report of the study will be available within the next few weeks.)

Informal surveys among our members, particularly in connection with our Placement Service (TOPS), seem to support the Air Force Study.

With respect to your second question, dealing with the AUSA position endorsing that aspect of the recommendation of the Retirement Modernization Proposal of 1972 concerning minimum retirement:

As I noted during the Hearing, voluntary retirement prior to 30 years of service is not a right of the uniformed careerist. Rather it is controlled as a prerogative of the Service Secretary. The fact that such retirements have been granted on a liberal basis support Dr. Korb's premise that military managers find the current system consistent with good management practices. It reduces costs and affords the services an opportunity to thin out the force at a critical point.

The Honorable Pete Wilson
March 25, 1985
Page Two

We support a continuation of the current system until such time as the civilian and military leadership in the Pentagon agree that a change is in order. At that time we'll reassess our position.

Thank you very much, Mr. Chairman, for allowing us to testify. As I noted during the Hearing, we think its terribly important that your Committee asserts its oversight in this area, and, on the basis of your comments and that of the Members, I feel assured that you have done so.

Sincerely,

GEORGE F. HENNRIKUS, JR.
Colonel, USAF, Retired
Director, Legislative Affairs

GFH:bl

Statement of

The American Legion

1608 K STREET, N. W.
WASHINGTON, D. C. 20006

from

Joseph E. Miller, Assistant Director
National Legislative Commission
The American Legion

and

James B. Hubbard, Deputy Director
National Security Commission
The American Legion

to the

Subcommittee on Manpower and Personnel
Committee on Armed Services
United States Senate

on

Military Retirement

March 19, 1985

Mr. Chairman, and members of the Subcommittee, The American Legion is pleased to submit its views on the military retirement system. Military retired pay is not a pension, it is not overly generous nor does it enrich its beneficiaries. Retired pay is an integral part of the total military compensation system which acts as a management tool which allows only 13 percent of the best qualified to continue on active duty in order to maintain a young and vigorous force. Overall, we find the current system to be addressing the retention needs of the armed services, and to be reasonably equitable to the members of the service who retire after a full career in the armed forces.

Military members are not retired in the traditional sense of the term; they retain military status, are subject to the uniform code of military justice, restricted to job/pay limitations in retirements and are subject to recall to active duty. With respect to this latter point, Department of Defense mobilization plans include the recall of about 61 percent of retirees, thousands of whom already have their recall orders in hand. Indeed, the Supreme Court has characterized military retired pay as "reduced pay for reduced levels of military service."

Unlike civilian plans, the military retirement system is not an old age pension plan. In form and structure, it contains none of the features commonly found in old-age maintenance plans. There is no vesting, no capital accumulations, no stock options and no supplemental thrift provisions. It does not look or operate like a pension plan because its purpose-- to sustain military readiness -- requires it to provide a level of compensation that will ensure an orderly flow of officers and enlisted personnel through the ranks of an essentially closed system.

The Grace Commission has asserted, erroneously, that the military retirement system is six times more costly than the private sector plans. When analyzed in percentages of pay, the military retirement system costs only 1.2 to 1.5 times more than the average private sector plan. Even critics of the military retirement system, including the Grace Commission, have concluded that military retirement should be better than private sector pension plans because of the unique nature of military service.

In a recent study, General Research Corporation found that the only civilian jobs which come close to being comparable to the armed forces were police, firemen, prison guards air traffic controllers and FBI agents. The study found that when twenty year retirement systems were compared, at various pre-retirement levels, the military retiree was drawing a significantly lower retired annuity than any of the other professions. In the $50,000 per year pre-retirement salary range, the high retirement annuity was $2500 per month; the median annuity was $1958 per month; and the lowest annuity for the other professions was $1665 per month. FBI, secret service agents and air traffic controllers drew a monthly annuity of $2083. The military retirement check for the same pre-retirement salary range was $1517. The same general trend holds true for the $25,000 pre-retirement level and the $35,000 pre-retirement level.

In contrasting military duties with civilian employment, the Fifth Quadrenial Review of Military Compensation (QRMC) discussed the complete and one way control of the military force with the freedom to use it in any way necessary in the national interest. As pointed out by the 5th QRMC, national authority reserves the right to:

> "- Legally require the force to fight anywhere in the world, and have authority to punish those who disobey orders to do so;

> "- Use the force when and as long as it believes appropriate, without undue regard to the personal preference of the individuals, and at whatever tasks it requires without rigid conformance to the occupational specialities of the individual;
>
> "- Individually 'fire' members, despite fully satisfactory performance, in mid-career for any momentary convenience to the Government, while not allowing other individuals to leave, even though they may desire to;
>
> "- Force individual members to retire without regard to personal preferences or family circumstances or to necessary alternative employment, and retain the right to recall them to active duty when the need arises; and
>
> "- Hold members in idle status for indefinite periods and then cast them into whatever operational role (that) is required."

The military member forfeits a considerable degree of personal freedom, and undergoes many personal and family disruptions, as well as being subject to high risk situations. Overall, it is an irrevocable, unlimited liability contract with the Government, a situation not found in the civilian sector. For these reasons, among others, it has not been possible to simply adopt civilian pay models. In fact, there are so many basic differences between the military environment and typical civilian employment that unique approaches regarding the compensation of military personnel have been necessary.

The American Legion believes that the current military system is working and we consider it a pillar in the total compensation arena to support readiness. To remove this pillar for the sole purpose of reducing costs would seriously disrupt force management and thus would reduce readiness. It should be noted that recent surveys list military retirement as third among service member's reasons for reenlisting the first time.

The relative value, measured in real dollars, of the current system because of loss of COLAs, is less than it was four years ago. Despite this, the population of military retirees and the costs have stabilized and the cost of future retirees is being funded on an accrual basis in the current defense budget.

The American Legion recognizes that military missions change, thereby triggering a change in force management goals which in turn require review of total compensation. With this in mind, we ask that when Congress considers fine tuning the military retirement system, they they consider the following principles embodied in our Resolution 131, adopted at our 66th National Convention in Salt Lake City, Utah:

1) The retirement system must be fair to both the service members and the tax payer; it must be adequate to attract but primarily to retian the number of quality and experienced personnel required to perform the Services' missions;

2) The system must be stable to permit the individual service member to satisfactorily plan for the future; however, recognizing that future changes may be necessary, these changes should apply to new service entrants while at the same time honoring commitments to those already retired;

3) The retirement annuity should be indexed to protect

its future purchasing power; the same index should apply to all forms of service retirement and the survivor benefits based on the retired annuity;

4) The retirement system must include an optional method for a retiree to provide for survivors; and

5) The retirmeent system must provide for equitable treatment for all service members entitled to the retirement benefit.

Mr. Chairman, thank you for the opportunity to present the views and position of The American Legion.

National Military Family Association, Inc.

2666 Military Road, Arlington, Virginia 22207
703 - 841-0462
703 - 841-0121

Statement On

The Military Retirement System

Presented To

THE UNITED STATES SENATE
COMMITTEE ON ARMED SERVICES/
SUBCOMMITTEE ON MANPOWER AND PERSONNEL

Presented By

NATIONAL MILITARY FAMILY ASSOCIATIION

March 19, 1985

The National Military Family Association (NMFA) is a volunteer non-profit organization of family members, active duty, and retired personnel of the seven uniformed services. We have members in all fifty states and at military bases throughout the world. Our purpose is to inform and educate military families regarding their rights, benefits, and privileges as members of the larger military family and to make their views known to Congress. Members are kept informed through a quarterly newsletter and periodic workshops.

The National Military Family Association is fully aware that the total compensation package of the military has one objective - force readiness. We do not intend to address the myriad of statistics to prove how well or poorly reimbursed the military member is, nor to plead for one compensation package or another, but rather to present the facts of military life from the point of view of the military family.

There are distinct advantages to a military life, not the least of which is the feeling of belonging to a large caring family that are all involved in the defense of our country and its ideals.

There are, however, some unique characteristics that are part of the life of a military family:

- * Years of separation
- * Forced moves
- * Transient life style
- * Frequent school changes for the children
- * Long work hours, without added compensation
- * Fear for the safety of the military member
- * Substandard housing
- * Remote or undesirable locations
- * Possible forced retirement of the military member in his mid-forties, in spite of fully satisfactory job performance

There is also reduced opportunity for family financial stability:

* An unemployment rate among military wives of three times that of their civilian counterparts
* Frequent PCS transfers that often require the military wife. to reenter the work force at beginning salary levels
* Little chance for the military wife to acquire retirement or any other longevity benefits
* Loss of the civilian spouse's income for an average of five months with each PCS move
* Lack of employment opportunity for the civilian spouse in some areas
* Unreimbursed expenses of three out of every four dollars incurred in a PCS move
* Unreimbursed expenses of buying and selling houses
* A lifetime loss by the military member of 20% of the income of his civilian counterpart

At retirement the military member receives from 35% to 57% of his final active duty compensation. In real terms this means that two thirds of the enlisted retirees with a family unit of four would be below the poverty level of subsisting on retired pay alone. Seventy-five percent of retirees are enlisted. The family's military medical care is reduced substantially. The military member is restricted by law in his post service employment. The military member is subject to involuntary recall. Department of Defense mobilization plans include the recall of approximately 61% of all retirees.

The piecemeal attacks of the Military Retirement System have already-lowered morale and the current barrage of negative media articles have had their effect. It is no wonder that the wife of one recent retiree said: "Remember how we were ridiculed when we said our husband was serving in Vietnam? Well, that's how I feel now when I say my husband is retired military! I am proud of my husband's military career and we earned his retirement. I only wish those that are saying we are living in the lap of luxury would come pay my bills until he finds a job!"

The Military Retirement System is extremely important to the military family. The military family's attitude has a strong influence on retention.

The National Military Family Association believes that any change in the Military Retirement System must be considered ONLY in the context of the total compensation package of which it is a vital part. We also believe that military members and their families deserve protection from further erosion of their retirement benefits in return for their sacrifices and dedication to this country.

[Questions with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR STROM THURMOND

MILITARY RETIREMENT SYSTEM

Senator THURMOND. Dr. Korb, how big a factor is the retirement system in our ability to retain quality personnel?

Dr. KORB. We know that the retirement system is one of the most valuable entitlements resulting from military service. This is especially true for the mid-career force as members are making long-term commitments for extended service. In a very real sense, the military retirement system serves as an incentive to attract members for longer service and to retain them in the military. The retirement system both "pushes" and "pulls" individuals through their career. Not only does it operate as a strong personal motivator, but is an effective force management tool used to shape and sustain the Active Force.

Senator THURMOND. Are retirement costs expected to level off at any point and remain fairly constant?

Dr. KORB. Unlike many Federal programs, the military retirement system especially non-disability retirement from active duty, is becoming a "mature" system. This is a reaction to the national policy decision made during the mid-1950s, that for the foreseeable future the Nation will require a strong standing force of approximately 2 million members. As a result, the stabilization in active force size is being reflected in a corresponding stabilization in the retired force. This stabilization will continue and we expect a fully mature system about the end of the next decade. This maturation is also being reflected in cost growth stabilization. In association with inflation control, we expect the costs to level off and remain fairly constant.

Senator THURMOND. Dr. Korb, at the point where these costs level off, what percentage of the defense budget will go to retired pay?

Dr. KORB. Military retired pay has been reduced from 11 percent of the defense budget to under 6 percent. We expect that military retired pay will continue to be reduced. It must be pointed out that, as a budget item, the defense budget only includes the accrual funds necessary to pay the future retirement costs of the current Active Force. It does not include the amounts necessary to pay the retired pay of members already retired.

Senator THURMOND. The Association of the United States Army has submitted some interesting suggestions for changing the retirement system. Has your office has an opportunity to review their proposals?

Dr. KORB. The Association has long supported a strong national defense and is aware of the contribution that a stable retirement system makes to our readiness capability. We have, however, not had the opportunity to review their suggestion in detail.

QUESTIONS SUBMITTED BY SENATOR JEREMIAH DENTON

DENTAL INSURANCE

Senator DENTON. Dr. Korb, an active duty member cannot use an allotment to pay for health insurance for his dependents. A number of service personnel now wish to avail themselves of recently available dental insurance plans to offset the minimal dental benefits available to dependents through the military health care system. Under current DOD policy, they cannot use an allotment for that purpose. It seems to me that payment for dental insurance is a legitimate and worthwhile use of the allotment system, so can we find a way to change policy to make it possible?

Dr. KORB. DOD has initated a policy change to accomplish what the Senator has suggested. This change will be completed by August 30, 1985. We will keep the Senator advised on this matter.

MILITARY RETIREMENT SYSTEM

Senator DENTON. Dr. Korb, the Supreme Court, the GAO and DOD have all upheld the status of military retired pay as "Reduced pay for reduce service." Yet, for IRS purposes, such as the rule for two wage earner families, the IRS does not consider retired pay as salary (earned income) but as a fully taxable pension. I am unable to find any statutory or regulatory basis for that position. IRS says that it is because DOD reports retired pay on a form W-2P, DOD says it used the W-2P because the IRS, in some way that cannot be documented, told it to. Can we get to the bottom of this matter and determine whether military retired pay should be treated as compensation for IRS purposes.

Dr. KORB. Military retired pay has been held by Federal court decisions to be the current pay for current but reduced military service. In view of this judicial precedent, the Department of Defense has held such an interpretation consistent with the Federal court decisions on tax matters; however, the Internal Revenue Service is the Agency that interprets and establishes Federal tax regulations that are applicable. As to the characterization of military retired pay as a fully taxable pension rather than earned income, we must defer to that agency on this matter.

Senator WILSON. With that, we thank you, and this meeting will stand adjourned.

[Whereupon, at 11:57 a.m., the subcommittee was adjourned.]

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1986

THURSDAY, MARCH 21, 1985

U.S. SENATE,
SUBCOMMITTEE ON MANPOWER AND PERSONNEL,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

MILITARY AND CIVILIAN MANNING LEVELS

The subcommittee met in open session, pursuant to notice, at 2:06 p.m. in room SR-232A, Russell Senate Office Building, Senator Pete Wilson (chairman) presiding.

Present: Senators Wilson, Thurmond, Cohen, Denton, Nunn, Exon, Dixon, and Glenn.

Also present: Senator Warren B. Rudman.

Staff present: Arnold L. Punaro, staff director for the minority; Robert E. Bayer, Richard D. Finn, Jr., George K. Johnson, Jr., professional staff members; Patricia L. Watson, research assistant; and Mary J. Kampo, staff assistant.

Also present: James H. Dykstra and Dale F. Gerry, assistants to Senator Cohen; Mark J. Albrecht, assistant to Senator Wilson; Allan W. Cameron and DeForest Hamilton, assistants to Senator Denton; Jeffrey B. Subko, assistant to Senator Exon; James Steinberg, assistant to Senator Kennedy; and Phillip P. Upschulte, assistant to Senator Glenn.

OPENING STATEMENT BY SENATOR PETE WILSON, CHAIRMAN

Senator WILSON. This meeting of the Manpower and Personnel Subcommittee will come to order. Good afternoon, ladies and gentlemen.

The Manpower and Personnel Subcommittee meets this afternoon to conduct its sixth and final hearing in preparation for marking up the fiscal year 1986 Defense Department authorization request. Today the subcommittee will examine a manpower proposal that has been offered by my good friend and distinguished colleague from New Hampshire, Senator Warren Rudman.

We are here this afternoon to examine Senator Rudman's proposal because the entire Congress, along with this administration, is compelled to face what has been so long deferred, and that is the specific problem of how we go about deficit reduction. This poses two questions in terms of the contribution that the defense effort of this Nation will make to that deficit reduction process.

The first question clearly is how big a bite is to be taken from defense spending. The second question is where will the cuts be distributed internally within the defense structure. And clearly the answer to the second question depends to a very large measure on the answer to the first.

There are additional considerations driving the specific proposal this afternoon and the consideration of what the personnel needs of the American security establishment shall be. It comes to light in a number of different contexts that there is a need, wholly apart from deficit reduction, to examine such questions as proper force strength, the proper mix, proper compensation and benefits, to assure adequate recruitment and retention, in short the questions which this subcommittee has been pursuing in the hearings that have preceded this afternoon's.

In the effort that has been made to address this question, obvious considerations are: If we are to determine responsibility where the cuts shall fall, we have to weigh, we have to give value and prioritize the different functions performed by our security establishment.

It would appear that there are many in the Congress prepared to take the path of least critical resistance and engage in deficit reduction by savaging defense spending, by cutting in a way that is irresponsible. I would have to say that the Budget Committee resolution which has been passed with reconciliation instructions, if it is adopted by the full Senate, will drive the deliberations of the full Armed Services Committee in achieving a $19.7 billion reduction in requested defense spending in this authorization bill.

In my view, the Budget Committee got the number right with respect to the total reduction in spending. They got the composition all wrong. It remains to be seen whether mine is a minority view or one that will prevail on the floor of the U.S. Senate.

But assuming the worst, that there is zero real growth in defense spending, then the particular responsibility of each of the subcommittees of the Senate Armed Services Committee will be to engage in as responsible reductions as is possible. What that means for this committee we will determine more fully next week when we are in fact engaged in markup.

But there are certain obvious considerations that occur today in the context of Senator Rudman's proposal. One of these is the importance of America's strategic capability. It has been keeping the peace in the world for four decades since the Second World War. Our strategic capability has kept the peace not just for the United States, but for our NATO allies through the doctrine of extended deterrence, which has been clearly understood by the Soviet superpower with whom we share the world's stage.

It is a slight oversimplification to say that if we are compelled to make hard choices and to do things in the way of reductions that seem to us imprudent, the choice that faces us is one of the lesser of evils. If it is imprudent to reduce requests for a manpower increase, is it not more imprudent to reduce those requests that are contained in this authorization bill having to do with the strategic account, having to do with procurement, having to do with research and development?

If we cut research and development, are we not giving up time that we will never recover? If we are going to test a wing in a wind tunnel to determine whether it is the proper configuration, we cannot do that by taking five wings in five wind tunnels to accelerate the process.

If we are going to savage those spending accounts that will give us conventional strength, we will find that there are limits to the ability to accelerate production. If we have to, unwise as it may seem, reduce our manpower contingent, we must ask ourselves, how quickly can we mobilize and train manpower, and what is that timeframe in comparison with those that obtain to strategic and conventional research and development and production for the acquisition accounts?

These are some rather basic considerations of the kind to which we are driven, first by deficit reduction, specifically by the action of the Budget Committee in adopting the budget resolution with reconciliation instructions that, if adopted, will allow for no real growth in defense spending.

I suspect that it is considerations of this kind that have prompted our colleague from New Hampshire to submit his far-reaching proposal. In a speech on the Senate floor on February 19, Senator Rudman made a proposal to change the current mix of manpower within the Department of Defense. One of the most significant parts of his recommendation embraces actual reductions as well as a freeze upon end strength.

We will hear first from Senator Rudman. He will be followed this afternoon by Dr. Korb, the Assistant Secretary of Defense for Manpower, Installations, and Logistics. After Dr. Korb's testimony, the subcommittee will then hear from senior officers with manpower responsibilities from each of the military services.

Before we begin with our colleague from New Hampshire, I will yield to Senator Glenn, the ranking minority member of the subcommittee, for any remarks that he may wish to make.

Senator GLENN. Thank you, Mr. Chairman. Just a couple of short remarks.

I join you in welcoming our witnesses to the subcommittee this afternoon, in particular to have our colleague from New Hampshire, Senator Rudman, with us. We have already had some discussions on this committee of Senator Rudman's proposals. They have not been a secret, certainly. And his proposals to reduce defense manpower costs, we have had those in previous hearings.

But the proposals are so comprehensive and would be so far-reaching that I think the chairman was correct in setting aside a special hearing for the subcommittee to focus on these proposals in detail. If the Congress decides to hold real growth to the levels proposed by the Senate Budget Committee over the next 3 years, we are clearly going to have to make substantial savings throughout the President's whole defense program.

Now, with all due respect to our brethren on the Budget Committee, I am not one that thinks the Budget Committee necessarily has all the wisdom in the world on military matters. And sitting over there as they were 1 week or so ago in the middle of the night—2 or 3 o'clock in the morning—dictating that the military will get so much out of the wisdom that they were able to collect over there in the middle of the night, to me is not exactly the way we should go about doing a defense budget.

But having said that, if we do have to come up with some cuts, then it is going to be very tough, and manpower programs will undoubtedly have to bear a share of these reductions. I think we have to be very careful, however, to make sure that we do not put our overall defense program out of balance by making disproportionate reductions in particular areas of the 5-year defense program.

So I look forward to hearing the testimony, Mr. Chairman, and I will have questions after they finish. Thank you very much.

Senator **Wilson**. Thank you very much, Senator.

Our colleague from New Hampshire, Senator Warren Rudman, comes to the witness table this afternoon with an interesting background to be making this proposal. He is a much and highly decorated combat veteran, having served as an airborne company commander and platoon commander in the Korean conflict. For some years he served as a reservist and, particularly appropriate to the considerations on which he will focus this afternoon, he is a member of the Defense Appropriations Subcommittee of the full Appropriations Committee.

Senator, we not only welcome you this afternoon, but, as you demonstrated courage as an airborne company commander, to surface the proposal that you have takes no small courage. It has also, I know, quite seriously taken no small effort on your part. And I think even those who may disagree with you will have to agree with those observations.

With that, we will welcome you and invite you to proceed.

STATEMENT OF HON. WARREN B. RUDMAN, A U.S. SENATOR FROM THE STATE OF NEW HAMPSHIRE

Senator **Rudman**. Thank you very much, Mr. Chairman, Senator Glenn, and my friend, Senator Denton.

I was struck by the ring and resonance in the chairman's voice when he opened the hearing today. He said "Good afternoon, ladies and gentlemen." It sounded a lot like the announcer at Madison Square Garden. I hope it is not that kind of a hearing.

I appreciate the opportunity to appear before the subcommittee today to discuss the military budget-cutting initiative I recently introduced. I consider my presence timely inasmuch as some elements of my proposal and their implications for force readiness have been misunderstood. Alternatively, it is being suggested that I, and possibly other Members of Congress, cannot understand the complexities of defense manpower problems.

Frankly, the only confusion around is in the minds of certain Defense Department bureaucrats who are either unwilling or incapable of examining their own Department. Accordingly, I wish to clarify those issues lest there be any residual doubts about the nature, intent, or thrust of these proposals.

RUDMAN PROPOSAL

The proposal consists of three elements. First, it denies the 3-percent military pay raise requested by the administration for July 1 of this year. Second, it denies the requested increases in military and civilian end strength. Third—and this is the portion that has received the greatest attention—it mandates a 10-percent reduction in civilian personnel and military support units.

REDUCTION IN SUPPORT PERSONNEL

I would like to focus on the third part of my proposal because it has been widely misconstrued, whether deliberately or accidentally I cannot say. It does not require a 10-percent reduction in total DOD manpower, as one official recently stated before this subcommittee.

Furthermore, while I did use the Department's occupational classification system for enlisted men to illustrate why a 10-percent reduction in support personnel is possible, its use was illustrative only. The classification system is not a basis for the proposal itself. The personnel numbers from which the 10-percent reduction was calculated are those forces which the Department itself has identified as auxiliary or support forces. They do not include the many uniformed personnel performing support work who are assigned to the strategic or other combat forces.

Now let me depart from the prepared shortened text at this point to say parenthetically, what that means is that for each of the active Army divisions, for instance, in which you might have 4,000 to 4,500 people with combat MOS's, this proposal exempted the entire division from the thrust of the proposal, as it did with all air wings, Air Force, Marine, and Navy, all surface fleet units, and all strategic units.

The gross numbers, if you will, are 2.1 million people in uniform. We excluded 1.55 million from the proposal, applying the 10 percent reduction to the 762,000 remaining by DOD's own figures. So I think it is essential to understand the thrust of the proposal.

That reductions are possible in this area is becoming ever more clear as information seeps—and notice, I said seeps, not flows—out of the Department of Defense. I am not surprised that the Pentagon support bureaucracy argues that any personnel cuts would damage the Department's combat capability. I have rarely seen an instance where a bureaucracy of any kind fails to argue that each and every person is critical, and I would have been stunned, frankly, if DOD had reacted any differently.

But the overall employment figures and an examination of the way many support personnel are utilized, GAO reports, and the public and private comments of military and civilian personnel within DOD all tell quite a different story. As one person who works for DOD in Illinois recently wrote to me—and I am very happy to furnish the letter, properly sanitized, to the subcommittee:

> Unleashing a team of efficiency experts in the defense bureaucracy where I work to minimize waste would be like turning a blind dog loose in a meat locker. They would not know which way to turn.

The problem is not with the individual men and women who work for the Department. Those I have met—and that is a large number—are almost always dedicated and well intentioned. The problem is with the system, with the huge noncombat administrative support bureaucracy which pervades the major support commands and associated Defense Department agencies.

I will not take the time of the subcommittee by restating the information I presented in the speech on the floor several weeks ago. I would request that that be entered into the record at an appropriate place.

I would, however, like to highlight additional information that I have developed over the last several weeks. In noting some of these examples, I must stress that it is not my intention that Congress adopt legislative proposals specifying what cuts are supposed to be made, in which unit and function. These examples are intended only to illustrate that there is significant waste within DOD's support structure.

DOD'S SUPPORT STRUCTURE

DOD has 168 property disposal offices and branches throughout the United States. While that includes Alaska, Hawaii, and Guam, it is still three times more property disposal offices than there are States. I have a difficult time believing that the number of these offices cannot be reduced without damaging combat readiness.

There are 260 commissaries in the United States alone, 92 percent of which are located within 10 miles of at least two commercial supermarkets. Now, I know well that commissaries are politically sensitive, but I have a hard time believing that there cannot be some reduction in the number of commissaries when the Washington area alone has eight.

There was an article in Monday's "Defense Week" about the upcoming test of the Sergeant York, and I would like to quote one sentence from it:

> Some 300 Army technical experts, working with 20 officials of the Army's Operational Test and Evaluation Agency, have planned for several months how to best measure the Sergeant York in a battlefield environment.

I have been critical of the gun along with other Members of the Congress, but it is difficult to see how it takes 320 people several months to plan, not even conduct, those tests.

There is a clothing and textile factory in Philadelphia which manufactures 3 percent of defense personnel support center's requirements for sleeping bags, dress shirts, trousers, and the like. I was somewhat stunned to find out that all of this kind of activity was not being contracted out.

There is also a subsistence office and storage facility in Bayonne, NJ, which is tasked with maintaining an "on-hand inventory of about 2,000 chilled, frozen, and fresh fruit and vegetable items." Why?

Headquarters staff in DOD and those assigned to the Office of the Secretary, the service secretaries, and the Department headquarters exceeds now 12,000. Army headquarters personnel exceed 24,000. Each of the Armies has their own headquarters staff. The six stationed in the continental United States have a total of over 2,000, and divisions have their headquarters staffs as well.

Army Materiel Command headquarters personnel total 2,500. My proposal would do that job with 2,200. The Navy Materiel Command has 215,000 personnel. With a 10-percent decrease, they would have close to 200,000 people performing those duties.

The Air Force has two commands to do basically what the Army and the Navy do with one. The Air Force Logistics Command and the Systems Command have combined over 150,000 people. With a managerial consolidation, it ought to be possible to perform those functions with 135,000 people.

BASE OPERATING SUPPORT

With regard to base operating support, the GAO said in 1980:

> Many reports and studies have shown that significant savings can be achieved by eliminating unnecessary duplicate support services through consolidation and inter-service and intra-service agreements. Studies have shown, for example, that personnel savings of up to 30 percent are possible by eliminating duplicate support services.

Subsequently in 1982 GAO stated before the Subcommittee on Legislation and National Security of the House Government Operations Committee that:

> * * * consolidating base support functions can save hundreds of millions of dollars annually. The foundation for a successful program has been in place since 1972, but the Defense Department has experienced only moderate success. This has happened because DOD has not provided strong direction and commitment to the program. The services have recognized the situation and have successfully resisted most consolidation proposals, and will continue to do so unless stronger actions are taken.

To elaborate, the fact is that there are over 100 categories of support services, which include such things as civilian personnel functions, finance and accounting operations, custodial services, police services, fire protection, real property maintenance, and repair of motor vehicles.

For the most part, each separate base and installation maintains the full array of services. Base operating support totaled about 7.7 percent of the Department's fiscal year 1983 appropriation, of which approximately 60 percent is directly attributable to pay.

Part of the problem in making progress in this area is that traditionally defense managers, particularly at the base level, do not want someone else to control their support. While this is understandable, it is narrow in outlook, it is expensive, and it does not take into account Governmentwide needs such as the need to deal with the deficit.

DOD has responded to the many GAO reports in this area with much superficiality, little substance, and, worse yet, in some instances with the creation of additional bureaucracy. We now have the Defense Retail Inter-Service Support Program, the joint OSD-service task forces, and a directorate within Manpower, Installations and Logistics for base operating support.

We are reaching the point, if we are not already there, Mr. Chairman, where GAO will not look at the issue any more. It is a waste of resources from their point of view to study the feasibility of consolidation at one location after another when they have already shown how numerous savings can be achieved, without any result.

The fact is that there is a lack of commitment on the part of DOD to take action to deal with this matter. This fact could not have been made any clearer than by your next witness, Secretary Korb, when he told this subcommittee 3 weeks ago, in response to a question by the chairman on how the congressional decision to eliminate civilian end strength requirements worked as a management tool to improve the use of resources. This was his answer:

> Well, essentially what we tell people is to manage in an effective and economical manner, using funded workload and mission to drive the status of the work force. In other words, we give our commanders a job to do, we give them the resources to do it, and let them decide how many people they want to employ to get it done.

In other words, in my view, there is no real control from above.

BASE CLOSURES

I should note that the Secretary of Defense recently submitted a list of 22 military bases and installations which he said could be closed without impairing national security. I have not yet been able to get an exact count of the jobs in question, but I believe it approaches 100,000. While Members of Congress will certainly dispute some of his choices, I see that as a recognition on his part that there are savings in personnel that can be made.

Certainly those who served or now serve in the military recognize the problem, if the many letters I have received from around the country since announcing my proposal are any indication. One former marine who served in both Korea and Vietnam was very clear. He said:

> I believe the ratio of support to combat troops is badly out of proportion, partly due to maintenance of the new technologys, but partly due to such straw houses as elaborate recreational facilities and paper chases of dubious validity.

Another marine wrote:

> Duplication of work in the logistics field is notorious.

A third wrote:

> I can recall being told to spend weeks copying data onto "checkerboards" because there was nothing else to do.

Mr. Chairman, I will not dispute the motives of those who say that my proposal would devastate the capability of our Armed Forces. But a great many highly qualified uniformed and civilian personnel spread throughout the ranks in all four of the services have told me just the opposite.

The fact is that the Defense Department, like almost every other bureaucracy, is institutionally incapable of admitting that it is overstaffed. But Congress should not respond to their bureaucratic imperatives. We should recognize the obvious: That there are cuts that can be made in DOD's support structure and that those cuts are a way to reduce the defense budget without cutting into combat capability and readiness.

Once the Defense Department gets the marching orders they should and are forced to recognize the inevitable, I am certain that they can, and hope that they will, come up with a plan to make the necessary reductions in relatively short order.

Mr. Chairman, I thank you. If any of the members have any questions, I would be more than pleased to answer them.

[The remarks of Senator Warren B. Rudman, on Defense Department budget reductions follow:]

REMARKS OF U.S. SENATOR WARREN B. RUDMAN, ON DEFENSE DEPARTMENT BUDGET REDUCTIONS

Mr. President, I rise today to address what is justifiably the most significant and far-reaching challenge facing this Chamber—the burgeoning budget deficit and what we can do about it. We in this Chamber are facing fundamental decisions about the role of government at a time when the federal budget deficit is projected to exceed $200 billion in this year alone and there is little public support for increased taxes. In doing so, we not must overlook the basic truth that economic stability is critical to our future security. Today, I am offering a proposal which will produce significant savings in the area of national defense without affecting our force posture or readiness.

Four years ago, the United States embarked upon the largest peacetime rearmament program in its history. This military build-up was required to strengthen a defense posture eroded by years of neglect and to help redress the dangerous imbalances which had developed in several key areas between U.S. forces and those of the Soviet Union. During this period, substantial progress has unquestionably been made in restoring our defenses to a level commensurate with our global responsibilities.

Yet, even as the program proceeds, few would deny that threats to our security have multiplied and become more complex. Beyond the relentless growth and modernization of Soviet forces, other nations and groups with political interests hostile to our own have acquired the means and increasingly the will to challenge U.S. objectives in various regions. We cannot afford to reverse course and risk undoing the progress that has been made in improving our military strength and modernizing our force structure.

Having said that, it is both a political and fiscal reality that, it real progress is going to be made in reducing the budget deficits, the defense budget must be subject to the same searching examination and restraint that domestic program have been and are currently undergoing. In this regard, it must be noted that defense spending accounts for nearly 34 percent of the President's proposed fiscal year 1986 federal budget, exclusive of interest on the national debt and offsetting receipts. While I agree with the proposition that national defense is the first and primary purpose of the federal government, what strategic goal is served if we spend ourselves into oblivion in molding a powerful force structure, only to find that the economic and political base required to sustain it over time is in shambles?

Although I generally support the thrust of the Defense Department budget developed by Secretary Weinberger, I believe he has been somewhat deficient in working to identify savings that can be made. Of the $8.7 billion in outlay cuts developed with great fanfare late last year, $1.1 billion is attributable to a proposed five percent cut in pay for federal civilian employees, a proposal which was developed by the Office of Management and Budget and which is to be applied government-wide in the unlikely event it receives Congressional approval. $4.1 billion is proposed to be saved by the elimination of a proposed six percent pay increase for uniformed personnel, but that is offset in part by the proposed granting of a 3 percent increase on July 1, 1985, for an addition of $500 million to the fiscal 1985 deficit. Finally, $1 billion was saved by revising inflation forecasts. That is a bookkeeping change, not a real savings.

But as Secretary Weinberger points out, it is meaningless to speak to the defense budget in terms of percentages—to debate whether there should be 6 or 3 or 0 percent real growth. At best, such percentages can only serve as vague guidelines. A one percent change in the defense budget represents an increase or decrease of $2.9 billion. The wisdom of the change depends on what is being added or cut.

Conflicting claims about the propriety of defense budget cuts are now being made with little or no regard for their impact on force structure or overall readiness. In short, Mr. President, the current debate is unfocused and wholly lacking in clarity. It is high time that Congress, not to mention the media and the general public, begin to address the defense budget and possible cuts from the Administration's proposal in specifics.

The basic question, then, is where defense cuts should be made and by how much? Most of the debate thus far has focused on procurement, with suggestions to cancel certain weapons systems and to stretch out procurement of others. While I would certainly agree that each procurement request should be closely examined for cost-effectiveness, the focus on procurement to the exclusion of other portions of the defense budget is a serious mistake. Procurement represents only about one-third of the defense budget. Furthermore, while reducing budget authority for procurement will clearly have an impact on the federal budget deficit over time, cuts in this area make little contribution to reducing the deficit in the short term. Only about 11 percent of the funds appropriated for the B-1 bomber in a given year are actually spent that year, while 22 percent of the appropriations for the MX are spent in the intial year. In addition, procurement decisions usually involve issues of national security, the U.S. negotiating position in arms control negotiations, and related questions of policy. Having been responsible for the cancellation of the VIPER, I certainly recognize there can be waste in procurement. But, waste is not the question when debating the MX, the B-1, or most of the other major weapons programs which have commanded public attention, unless one equates waste with one's perception of mistaken policy.

One aspect of the defense budget which has received virtually no attention in the current debate is personnel, although personnel costs account for at least half of the defense budget. But, it is this area, where a dollar of reduced budget authority leads immediately to virtually a dollar's reduction in the budget deficit, in which the greatest promise for defense savings lies.

With this background in mind, I would like to put forward a proposal which would reduce the budget deficit by about $4.5 billion in fiscal 1986 alone and by about $21 billion cumulatively through fiscal 1988. This proposal consists of three elements:

(1) Elimination of the 3 percent military pay increase proposed for July 1, 1985.

(2) Elimination of the Defense Department's proposed personnel increase of 36,000 people.

(3) A 10 percent reduction of military and civilian support personnel in the Defense Department.

The first two elements of this proposal are relatively simple and can be discussed briefly. Eliminating the proposed July 1 pay raise would save $500 million in fiscal 1985, $1.8 billion in fiscal 1986, and $6 billion through fiscal 1988. I do not believe that it is either fair or equitable to provide military personnel with an additional pay increase when civilian federal employees are being asked to take a five percent pay cut. For those who are concerned about the potential impact that elimination of the pay cut would have on recruitment and retention of personnel, I would like to make two points. Military pay, for a given rank, has been increased by 43.6 percent over the last four years while inflation has only been 26 percent. It was increased by 4 percent just six weeks ago at a time when civilian pay was increased by only 3.5 percent. Finally, a great many soldiers and sailors will get a pay raise within the next year or two as they get a promotion; elimination of the cost-of-living adjustment does not preclude higher compensation.

The second part of the proposal would eliminate DOD's proposed increases in end strength for fiscal 1986 of 25,600 military personnel and approximately 10,400 civilians. The bulk of this increase is for support billets. In my view, the Pentagon can fill those positions they absolutely need out of available personnel. Incidentally, a case that these extra personnel are critically needed has yet to be made to Congress.

The third part of the proposal is to reduce military and civilian support personnel by approximately 10 percent, a reduction in military personnel of 76,200 and in civilian personnel of about 104,600. At the outset, I should state that I have defined support personnel, as it relates to those on active duty, quite conservatively. Support personnel, in determining the base number from which the 10 percent reduction should apply, only includes those individuals assigned to "auxiliary" and "support" activities as defined by the Defense Department. Personnel assigned to "strategic" or "tactical or mobility" units, again as defined by the Pentagon, and other individuals were not included, although a great many of those people are, in fact, support personnel. However, in making the reductions, the Defense Department could make them in any support personnel irrespective of their unit of assignment. Accordingly, the Department would have a great deal of flexibility in making the reductions in active duty personnel and, given normal active duty attrition rates, could achieve those reductions without resorting to layoffs.

With regard to civilian personnel, all were defined as support and 104,600 is about 10 percent of the total. In this area, I am compelled to admit that some layoffs might be necessary.

Even a cursory examination of the Defense Department's use of manpower proves there is a grossly excessive support establishment. According to the Department's own listing of the skills and specialties of enlisted men and women on December 31, 1983, only 258,254 of 1,812,477 or 14 percent had combat as a skill. However, 289,861 had their specialty listed as "administration & clerks." This is unbelievable. DOD has 31,000 more people trained in filing and typing than it has trained for combat.

Additionally, there are 168,647 "supply and service handlers" among the enlisted personnel, 534,237 whose specialty is electrical, mechanical, or electronic equipment repair, and 85,446 medical and dental personnel. I understand that we need to provide medical and dental care for our personnel, but to have almost 5 percent of our enlisted personnel engaged in this work in a peacetime situation, not to mention thousands more who are officers—including all the doctors, dentists, and senior nurses—and civilians, seems excessive. And, certainly military equipment needs to be kept in good shape. But, when almost 30 percent of our enlisted personnel are repairmen, there is something either badly wrong with the equipment being bought or there is excess manpower in this area.

The units to which uniformed personnel have been assigned also leads to the conclusion that there is waste that can be cut. Leaving aside the support personnel that are assigned to the strategic and tactical forces, there are over 752,000 individuals assigned to purely support functions. DOD has 38,500 active duty personnel assigned to "Management Headquarters"—meaning the Pentagon and similar headquarters. That might not be so bad, except there are an additional 44,800 assigned to "Centralized Support Activities", and yet another 21,800 assigned to "Centralized Logistics". Then there are 301,300 assigned to "Base Operating Support", which again might not be so bad in and of itself, but one should not forget that the individual combat units stationed at those bases have their own support components. Finally there are 155,200 employed at training facilities, including such well known facilities as the Joint Military Packaging Training Center and the Defense Equal Opportunity Management Institute.

In addition, there are 311,500 uniformed personnel who are not assigned to any unit. Of these, 74,200 are transients, meaning they are moving between bases or assignments, and 213,400 are students, not including the cadet corps at the three service academies, and trainees—presumably being trained by the 155,200 mentioned before.

The situation is not any better when it gets to civilian personnel. I have already recited some of the numbers relating to uniformed personnel working in support functions. But, it takes an added 522,464 civilians to provide operations and maintenance support for the active duty uniformed services—that is, the same work for which there is a massive support structure in uniform. In addition, DOD has 274,346 civilians working on industrial or commercial type functions such as laundries, depot maintenance activities, public works centers, printing plants, shipyards, and so forth.

Moreover, the Armed Forces have far too many officers. In 1962, the enlisted men to officer ratio was more than 7 to 1. Passing over the Vietnam War and the post-Vietnam reduction in troop strength, the ratio had dropped to 6.5 in 1977. In 1980, the ratio was 6.3. Since that time, DOD has been adding one officer for every three enlisted men and the ratio has now dropped to 5.9 to 1.

In 1945, there were 12 million men under arms. The Armed Forces was commanded by 101 three-star generals and admirals and 38 four- and five-stars. In 1983, with one-sixth the number of people in uniform, there were 118 three-stars and 34 four-stars. It may be true that there is a need for proportionally more of these high ranking officers in today's professional and more technically complex military, but not seven times more.

The Army has 17 divisions, thus 17 command slots for major generals, and a handful of operational staff positions for that rank. How many major generals does the Army have? 140! The Navy has almost 100 times as many captains as it has seaborne command slots for captains and the Air Force has 30 colonels for each squadron command.

But, each of these officers ends up with jobs. The Air Force Systems Command, whose primary responsibility is to define Air Force requirements for and supervise acquisition of equipment, has 10,524 officers, including 34 generals. That is more than twice as many officers as the federal Department of Education has employees.

All this over-staffing does not, in my opinion, result in a "benign" situation where there are a few too many people on the federal payroll. Leave aside the fact that this adds billions to the federal budget deficit. It also results in a more inefficient and ineffective military establishment. It was estimated last year that 66,000 forms are being filled out every day in just the Navy for aircraft maintenance alone. The Air Force Systems Command has its own division of Manpower & Personnel which itself is broken down into nine offices or directorates, each headed by a middle grade officer. NBC News reported last month that the abortive raid on the American Embassy in Teheran in 1980 involved planning by 21 different agencies or units using 59 different radio frequences and 150 code words and call signs. To quote Professor Edward Luttwak, in his recent book The Pentagon and the Art of War, which is also the source for some of the statistics I cite:

"In the vast non-combat organization . . . a myriad of separate divisions, offices, "centers," departments, and directorates have divided and subdivided each legitimate function to the point where large coordinating headquarters are required merely to achieve coherence."

It is no wonder that nothing ever seems to be accomplished at the Pentagon, that reforms never get off the ground, that it takes so long for even simple decisions to be made, or that the procurement process is in a state of shambles.

Mr. President, I could stand here for hours and cite additional examples to bolster the contention that the expansion of non-combat support personnel has not produced any increase in the effectiveness of our fighting forces. Secretary Weinberger has stressed that the defense budget cannot be frozen or cut without harming our ability to meet the external threats we face. In general, I share his assessment. The proposal I am offering should, in fact, reinforce the Secretary's goals. It would leave our combat force structure unaffected and probably improve management. This initiative might also contribute indirectly to a marginal increase in combat capability if, when the defense budget cuts inevitably occur, legitimate military requirements are left unscathed. While some will undoubtedly argue that even the reductions I propose are too drastic, the prevalent political and economic realities remain unchanged. We simply cannot continue profligate spending patterns in the defense budget while domestic social programs are forced to accept austerity in the name of fiscal prudence. To do so would be an abdication of our responsibilities; to do nothing may well mean consigning this nation to an economic debacle as potentially devastating as a military defeat.

In summary, let no one mistake my intentions. The adoption of this plan will not reduce our fighting force by one plane or pilot, ship or gunner, infantryman or tank. Nor will it affect the growth of the strategic force. Mr. President, in this time of calm before what could be nationwide economic calamity, I urge my colleagues to seriously consider this proposal.

Senator WILSON. Thank you very much, Senator Rudman.

You have made clear, really, why you have felt driven to offer this proposal. If you wish to—I note you did synthesize or shorten your statement. If there is anything you want to add, I will let that be my first question.

Senator RUDMAN. Well, I could only say, Mr. Chairman, that there were two things that forced me to start working on this proposal a number of months ago. No. 1, as a member of the Defense Appropriations Subcommittee, I have been totally committed to what we have done to build up the force, strategic, mobility forces, tactical forces of all the services. I have supported each of those initiatives.

Whether I agree with it or not, the reality facing the U.S. Congress today is that there are going to be substantial cuts made in the President's submission. I have looked historically at what has happened, particularly during the years 1976–80, and what happened was massive cuts in readiness, massive cuts in important procurement, programs canceled and restarted at enormous cost to the Government, and enormous cost to the services.

My proposal may be cutting off your little finger, but it is not cutting off your arm. And unless the Defense Department gets aboard with this kind of a proposal, I fear that the same kind of massive cuts in readiness and strategic forces will result.

That is the reason for this proposal, because of my support for this Defense Establishment, not my opposition to it.

REDUCTION IN NONCOMBAT SUPPORT PERSONNEL

Senator WILSON. I think the part of the three parts to your proposal that has attracted the greatest amount of attention has to do with the reduction in noncombat support personnel. I think that you are right to touch upon that in your statement, but I would invite you now to elaborate further and actually set forth the methodology that you employed in crunching these numbers, because I think there remains some confusion on that subject and it is clear to me that your proposal has been an effort to avoid a reduction in combat strength and the strength of necessary support elements to not just front-line combat but to the entire panoply of those special forces, be they SAC, be they ships at sea, or necessary shore establishment support for their operations.

But I think that it would be a good thing if we could in some way reconcile so that we are comparing apples with apples here.

Senator **Rudman**. I can do that, I think, Mr. Chairman, I think very quickly and easily. It is interesting to note that in the speech I gave on the floor, which I sent to members of this committee, I cited the fact that there were 258,000 people in the services with combat MOS's, and it is interesting how people seized on that to attack the proposal.

They really did not go much beyond, I think, that number in understanding what we did. We made that only as a definitional point to indicate that those are the number of people who had direct combat roles. As I pointed out earlier, in an Army division there are only a certain number of people who actually have a direct combat role.

But what we did in this proposal is we took the 2.1 million people who are in uniform today and we deducted from that whole all of the strategic forces, all of the active Army divisions, the Air Force wings, the Marine wings, the Navy wings. We took out all of the staffs of the ships. Obviously, the ships at sea, not everybody has a combat MOS.

But we took all of the people who directly run all of those operations. That came to about 1,400,000, I believe, 1,350,000. That left 730,000 people who, in unified commands, logistical support units, materiel commands, all sorts of other structures spread throughout DOD and the three services, amounted to 700,000-some odd. We applied the 10 percent reduction to that number, thus not affecting the combat forces at all.

Let me say, Mr. Chairman, that I have to think that the U.S. Army deserves special credit, and I say that not parochially, since I am an alumni of that service, for what they did last year. General Wickham came to the Congress last year, as the chairman will recall, and said he believed he needed two more divisions—he called them light divisions—of 12,000 people each, instead of 18,000 people.

General Wickham said that he could bring the tooth-to-tail ratio down, that he could take those people out of the existing structure within the Army, deploy two more divisions, one at Fort Drum, one in Alaska, light mobile divisions with good airlift potential for moving to trouble spots, without affecting the Army's end strength.

And they are doing it. They are creating two divisions with 24,000 people without affecting end strength. Frankly, I believe that that is only scratching the surface as to what could be done servicewide. But I do believe, and I have said this to General Wickham, that the Army deserves a certain amount of credit in this proposal for already having gone part of the way.

Senator **Wilson**. Gentlemen, we have a slight logistical problem. It is now 2:35, and I know that Senator Rudman is prepared to spend all the time with us that we request of him. Secretary Korb, you are trying to make a 3:20 flight?

Dr. **Korb**. 3:55.

Senator **Wilson**. You have to depart at 3:20.

I wonder if, as much as we dislike doing this, if we might interrupt the questioning to Senator Rudman, because I would anticipate that if we put Secretary Korb on now we would, after his testimony and after questions to him, let him go at just about the time he needs to. A 3:20 departure?

Dr. **Korb**. Yes.

Senator **Wilson**. Well, we might take a few more questions to Senator Rudman.

Senator **Thurmond**. Mr. Chairman, I was just thinking, if he has to catch that plane he cannot be late in getting to the airport. I was wondering if we could just send Senator Rudman some questions for the record.

Senator **Rudman**. Anything the subcommittee desires, I would be happy to do that. I have been invited by the chairman to sit through the rest of the hearing and I intend to do that. I would be glad to do anything the subcommittee would like.

Senator **Wilson**. I have invited Senator Rudman to take a chair here with the subcommittee. And I think what we might do, in light of the fact that we are facing marking up as early as next Thursday and in light of the fact that he has offered to remain, I would think we would really do better to put the questions to him this afternoon.

So with that, why do we not let you come up here, Senator, now. And we will continue questions to you, but let Secretary Korb come forward now and make his presentation, and we will ask questions of him and allow him to catch his airplane.

Mr. Secretary, welcome back. Go right ahead.

STATEMENT OF DR. LAWRENCE J. KORB, ASSISTANT SECRETARY OF DEFENSE FOR MANPOWER, INSTALLATIONS AND LOGISTICS

Dr. **Korb**. Thank you, sir.

In the interest of time and to allow more questioning, let me just make a few comments. I have a statement which I submitted for the record.

There is a feeling somehow that because people are in the support structure, even if they are ruled out according to Senator Rudman's methodology, that they are not productive.

Two years ago your colleagues in this committee and in the House Committee levied a 10-percent cut against the defense agencies. Just about all of the defense agency manpower is in the support category. I think that they were aiming at the Defense Department or the Office of the Secretary of Defense, but in effect they said Defense agencies.

I took the heads of some of the defense agencies up to closed-door meetings with some of your predecessors both here and in the House, and when these military officers explained to the Congress exactly what their people did, the legislative language was changed to focus only on the true headquarters, the Office of the Secretary of Defense.

And I think that is very, very important, because people even in the category that Senator Rudman was talking about, which excludes the divisions and the air wings, do very, very, very critical things. Even the civilians accomplish critical work.

CONTRACTING OUT

Second, I would like to talk about what Senator Rudman was referring to, contracting out. I am all for contracting out. I have pushed it as hard as I can. My problem is legislative language. I think Senator Rudman's concern should be directed not at us bureaucrats in the Pentagon, but maybe at some of his colleagues in both houses of the Congress who make it very difficult for us to even study organizations for possible contracting out.

Even right now, we are required to report to the House on exactly what logistics functions we plan to study. And I would like to submit to the committee for the record all of the things that we have been prevented from doing in this area over the last couple of years.

INTERSERVICE SUPPORT AGREEMENTS

Similarly, in what we call interservice support agreements that Senator Rudman mentioned in his testimony. Literally, the halls of the Pentagon are strewn with the bodies of people of my staff who have tried to force these consolidations in many areas and who have been stopped, if not directly by the Congress, indirectly, because obviously consolidations are going to mean loss of jobs. What my great fear is, if we were to take a reduction of the magnitude Senator Rudman is talking about, we would end up cutting the wrong things, because lots of things that we have tried to cut in the past, we have been prevented from accomplishing.

I think it is interesting—we talk about people in the logistics area, which is one of my responsibilities. Three years ago, we sent up a proposal to the Congress to transfer the management of consumable items from the services to the Defense Logistics Agency, with associated savings and manpower cuts.

We were told by the authorization committees not only not to do it, but to return some of the consumable items back to the services. The Appropriations Committee subsequently wrote conflicting language, and we have not been able to press on with that to the extent that I wanted.

We are prevented, for example, by legislation passed by the Senate 3 years ago, from consolidating the Military Traffic Management Command and the Military Sealift Command. We cannot even begin the first step of setting up a single transportation agency. So it is not that the people in the Pentagon, or the people in the Office of the Secretary of Defense, are not pushing this. It is the fact that these things are very, very difficult to do because of the impediments we run up against.

Senator Rudman quoted my statement about we are not managing because we tell the base commanders: Here is your job; here is your money; you take the people you want. If our objective is to save people and operate with the ceilings as we used to, we do not save any money because what happens is, if you do not have people, you take the people from somewhere else in order to get the job done. They work overtime, because if the workload is there, it must get done.

And I might say that it was the Congress that lifted the ceilings last year. We had always operated under ceilings previously.

BASE CLOSURES

Our base closure list to which Senator Rudman referred is only illustrative. That is not an official DOD list, but rather a way of saying that if we could remove the legislative impediments that make it almost impossible to close a base within a short period of time, and if we could get the upfront money, which is always a problem, then we could consider a list of this nature.

But again, if we go back and talk about lists of base closures and consolidations that have been submitted by the Department of Defense to Congress, I think we could spend a whole hearing on that.

I think if you take a look at the situation we inherited when this administration came into office, we had an Active component of about 100,000 less people than we have now. But yet, at that time we had what I call borrowed military manpower, because we had military people doing civilian functions, because the number of civilians was at its lowest ebb since the end of World War II.

Over the past couple of years, we have increased the size of the force I think in a way proportionate to the increase in the size of the force structure. And as you know from my previous appearance before you, we have tried to do that in the most economical manner. The biggest increase in our force structure in the manpower area has been in the area of Reserves. The Active duty increases have been minimal.

If in fact the Congress decides that we cannot afford to fund the defense budget that we are talking about, I think what we need to do is balance the program. Do not give us the weapons systems without the people, because that does not help anything. If we cannot afford the people and we want to cut back on the people, we have got to begin now to cut back on weapons systems and force structure, because I would argue that within the bounds of political constraints under which we operate, we now have a force that is well balanced and that the people that we have do work that is necessary to carry out the combat missions.

I understand that people are expensive. I make no apologies for what we pay our people. But if we cannot afford this number of people, we need to make any reductions in a balanced way. There are no free lunches. One cannot say, well, just get rid of the so-called support people because they are not productive anyway, and we will not hurt combat capability or readiness. The fact of the matter is that we will hurt readiness.

I would like to make one concluding comment before I turn to your questions. I understand from some people that Senator Rudman was somewhat upset at the tone of my statement. I did not intend to upset you and if you felt that way, Senator, I apologize. I was merely trying to say that reasonable men can disagree about those things, but I believe that careful analysis would show my position to be the correct one.

Thank you.

[The prepared statement of Dr. Korb follows:]

PREPARED STATEMENT OF DR. LAWRENCE J. KORB, ASSISTANT SECRETARY OF DEFENSE MANPOWER, INSTALLATIONS AND LOGISTICS

Thank you for the opportunity to comment on the proposal of Senator Rudman. It is my understanding that he believes we can reduce the federal deficit at the expense of Defense manpower. While I can sympathize with the aims of the distinguished Senator from New Hampshire, I simply cannot support the means. Moreover, while this proposal has surface appeal, close analysis shows it would be harmful to national security. Not only would it not save much money, it would harm military readiness and cost additional funds in the long run.

Senator Rudman's proposal consists of three parts. First, it would deny military members a 3 percent pay raise on 1 July. This pay raise is needed if the military pay system is to remain reasonably competitive with the private sector. Second, the Rudman proposal would eliminate the active and civilian component strength increase that is absolutely necessary if we are to man an expanding force structure while maintaining and improving readiness levels. Finally, the Rudman proposal would reduce Defense manpower by one-tenth in "support" activities, defined in his proposal as all civilians and about 35 percent of the active military component, a misleading categorization.

I would like to put this proposal in perspective. We can all recall the poor condition of our armed forces less than five years ago. Nowhere were the problems more serious or in greater need of immediate attention than in Defense manpower. The Chief of Staff of the Army complained that the Army was "hollow"; the Chief of Naval Operations described a "hemorrhage of talent" and a shortage of petty officers, illustrated most vividly by the decisions to tie up the U.S.S. *Canisteo* for lack of trained sailors. Civilian strength was at its lowest level of the post-World War II period, and we had to "borrow" 20,000 military troops to perform critical support functions that should have been done by civilians. Our ability to deter or fight a war was threatened by a scarcity of trained, motivated civilian and military people.

With your support, our efforts to turn around this situation have succeeded beyond our wildest expectations. The Rudman proposal, however, would undo much of the progress of the last four years. Elimination of our requested strength increase, coupled with a cut of 76,000 active military and 104,000 civilians, would reduce active military strength to about where it was in 1981, and reduce civilian strength below the 1980 level, which as I noted earlier was the lowest level of the post-war period. We would be left with 1980 manpower levels to man a 1986 force structure. Readiness would, in all likelihood, revert to the levels of the late 1970's.

I have addressed the rationale for our pay raise request and strength increases in previous testimony, so I will only briefly summarize it here. We believe we have learned the primary manpower policy lesson of the last decade. Military pay and benefits must remain at fair and competitive levels or we will not be able to recruit and retain the people we need. Our proposed 3 percent pay raise is less than we would have requested under other circumstances. However, because of concern over the federal deficit, we feel that this increase, coupled with the other initiatives in the President's budget, will be sufficient to remain at least reasonably competitive in the near term.

The requested strength increases of 25,600 in the active component and 29,000 civilians in fiscal year 1986 are necessary to support a modernizing and expanding force structure, while maintaining readiness levels. It makes no more sense to provide weapons systems and platforms without trained people to operate and maintain them than it would be to provide trained people without weapons. Let us remember that the Congress has reduced our requested increases in military manpower by 60 percent over the past two years.

The last feature of the Rudman proposal is a 10 percent cut in "support" personnel of the current force. I will comment upon this more extensively because it appears to be the area that is receiving the most attention.

Military "support" personnel were arbitrarily defined to include strength allocated to "auxiliary activities" and "support activities" in the Defense Planning and Programming Category (DPPC) system. These two areas represent about 35 percent of the active component strength. All civilian personnel were defined as "support".

It is interesting to note that, by using Senator Rudman's criteria for the efficient use of Defense manpower, we have done well already. Between FY 1980 and FY 1986, the increase in military manpower in the Tactical/Mobility category of the active component will be about 118,000 nearly three times greater than the 41,000 increase in the "Support" and "Auxiliary" categories.

What is disturbing, however, is the connotation that certain types of Defense manpower are unproductive and do not contribute to our national security, and that these types of manpower can be costlessly reduced. It appears that the Rudman proposal, which attempts to reduce the size of the federal deficit by tithing Defense "support" manpower, is based, not a clear understanding of what the missions and roles of that manpower are in maintaining the security of the nation, but simply on the labelling in a particular tabular display of data. For example, about 64,000 of our civilians are technicians supporting Reserve units who would mobilize and deploy with those forces in the event of war. Without them, these units could not mobilize and the Total Force would be an empty shell.

The DPPC categories are simply an arbitrary set of accounting conventions for allocating and measuring Defense resources, including manpower. Like most accounting conventions, they are generally reasonable and somewhat descriptive, but in many ways quite arbitrary. For example, an air traffic controller assigned to an overseas operating base, such as Kunsan Air Base, Korea, performs the same functions and is just as essential to combat missions as a combat communications air controller assigned to a forward operating location. Yet, the former is considered "base operating support" and included in the "support" DPPC category, while the latter is considered a Tactical/Mobility asset. They are useful as an internal management control system, not as a category for public policy debates. Had I ever assumed that anyone would propose that we make force manning decisions based upon these arbitary categories, I would have changed them long ago.

The Rudman proposal is based upon the mistaken notion that these DPPC accounting categories are, in some way, descriptive of the relative importance to national security of the manpower assigned to them. For instance, Senator Rudman asserts that a 10 percent cut in "support" personnel ". . . will not reduce our fighting force by one plane or pilot, ship or gunner, infantryman or tank. . . ." This is simply not true. These are no free lunches.

Who trains pilots, gunners and infantrymen? About 20 percent of military personnel in the "support" category do this. Who keeps the ships, tanks and planes repaired and supplied with fuel, spare parts and munitions? Roughly 35 percent of all civilians are involved in this. Cuts in these areas will result in a poorly trained force, lower sortie generation capability for air squadrons, reduced readiness and sustainability for Naval combat ships and greater down-time for tanks. Moreover, the entire Rudman package of lower pay, less support, and greater work loads for those who remain in Service most assuredly will create retention problems which will reduce the number of pilots, gunners, and infantrymen.

It is unrealistic to believe that, in a modern military organization, only those who pull the trigger are responsible for success in combat. Success is impossible without the people in logistics, communications, intelligence, and training—all areas which the Rudman proposal claims can be cut without reducing our military capability. Indeed, the people who would bear the largest cost if such a notion were acted upon would be the combat soldiers themselves. The cut in "support" may cost the people in this arbitrary category their jobs, but it could cost the combat soldier his life.

The Rudman proposal would devastate the Defense Agencies. About 98 percent of Defense Agency manpower is in the "support" area. Among other things, the Agencies "support" the national defense by providing maps for cruise missiles, buying spare parts for airplanes and selecting targets for military operations, providing school teachers for military dependents, and maintaining communication links between our nuclear triad and the National Command Authority. Could we exist in a world without these support functions?

While Senator Rudman has based a cut in "support" largely on the DPPC codes, he has misinterpreted our occupational classification code system (DOD Occ Codes) as well. For example, he states ". . . only 258,000 or 14 percent [of active enlisted] had their specialty listed as 'combat . . . .'" Our occupational classification system, however, was designed primarily to permit comparisons between civilian and military occupational skills. "Combat" is a category consisting primarily of military skills having no discernaable civilian counterpart. It emphatically does not mean that these are the only military members that participate directly in combat, are exposed to the risks of combat, or contribute to successful combat missions.

For example, in an Abrams Tank battalion, over 40 percent of enlisted members have skills coded outside the "combat" designation. Yet, they accompany the battalion into battle, providing critical functions necessary for a successful mission. On a Naval combat ship, relatively few sailors have skills classified in the "combat" occupational category, because most have skills that have a civilian counterpart. Those in the engine room, radio and radar operators, and so forth, are not included under the "combat" designation, though it is clear that the ship could not even get underway, much less fight, without these people. Finally, in an aviation wing, munitions and fuel would not be loaded into the airplane, runways would not be cleared or pilots provided take-off and landing instructions without the services of people included in occupational codes other than combat.

As a second example of how labels can be misleading, Senator Rudman notes that". . . 290,000 had their skills listed as Administration and Clerical Support. . . ." One immediately pictures 290,000 clerk-typists in uniform, sitting in the Pentagon or some plush headquarters, shuffling papers and watching the clock in anticipation of quitting time, but this is simply not true. Our most senior enlisted personnel such as the First Sergeant of infantry companies are included in this category. All of the recruiters necessary for the success of the armed forces are in this category, as well as computer data processors, who are used in strategic, tactical and support areas. For example, the petty officers who operate and maintain the Naval Tactical Data Systems required for combat on Naval Ships are in this category.

In my view, these few examples should dispel the notion that a one or two word label can describe accurately the combat role, function, or contribution made by people in the Department of Defense. Moreover, proposals like this ignore the fact that DOD already has an efficient manpower system.

Our approach to efficiency, consistent with our overall management philosophy, is to provide incentives for achieving "bottom-up" or decentralized economies in manpower. We attempt to make it in everyone's interest to be efficient, because we recognize that it is only with the information available at the local level that we can be sure that we are cutting fat, not muscle.

Achieving efficiency is a continuous process, and we have a number of programs in this area. The entire active, reserve and civilian manpower program is examined each year during our normal program review. The Efficiency Review Program, conducted by the Services, saved 3700 spaces and $60 million between FY 1982-1984, and we anticipate saving another 87,000 spaces by 1990. The Commercial Activities Program which works through an OMB Circular A-76 cost competition, forces in-house personnel to compete with private sector firms on the basis of cost. Every time a function is competed, the taxpayer saves an average of 22 percent in manpower costs. We compete about 10,000 manpower spaces each year.

Our manpower requests are directly related to force structure, missions and work load. Where the work load is declining, we program for a reduction in manpower. For example, we will have reduced civilian strength at Naval shipyards by 6500 between FY 1984-1986, to adjust to reduced work loads.

The point is, we achieve efficiency by understanding the work that needs (or does not need) to be performed, and providing incentives so that what needs to be done is accomplished in the most efficient manner. In my view, this is the only way to achieve economy without potentially jeopardizing national security. And I welcome all ideas that may improve efficiency within that framework.

It is difficult to say how we would adjust to the Rudman proposal, should it be enacted. It would be a devastating blow to Defense manpower. We would be concerned not only about the reduced manpower, but about the morale and motivation of the people who remained.

We would probably attempt to compensate by reprograming some manpower out of what Senator Rudman might call the "tooth" in order to perform critical support functions formerly done by civilians. Certain "support" functions, such as Intelligence, probably could not be reduced, which would put added pressure in other areas. The loss of "support" billets would exacerbate rotation problems, particularly in the Navy, which would adversely affect retention in the active component.

The 10 percent reduction in "support" is unlikely to save much money in the short run. There would be severance pay for civilians, and retraining costs for some military members and civilians. Moreover, the adjustment to lower manpower levels could not be accomplished as rapidly as assumed without experiencing chaos.

Our largest single "support" category is base operating support. This includes 40 percent of all military personnel in the "support " and "auxiliary" categories of the DPPC classification, and 32 percent of all civilians. It includes both overseas and CONUS installations with both combat and support units assigned. Adjusting to such a reduction would include base consolidation within CONUS.

In summary, I see this proposal as the antithesis of what we have attempted to accomplish in the Defense manpower area in the last four years. We have restored military pay to fair and competitive levels, insured that force expansion is balanced between manpower and hardware, and that economies are achieved through an institutional structure emphasizing decentralization and positive incentives for efficiency, rather than across-the-board cuts dictated from above.

I have a great deal of respect for Senator Rudman. He is a distinguished legislator and a strong supporter of national defense. I can only conclude that because of his concern about the deficit and his desire not to harm national security, he endorsed a proposal which, on the surface, appeared to make sense. I would only hope that as a result of this hearing, he recognizes the complexity of the issue.

I urge the committee to examine closely all attempts to reduce the Defense budget through eliminating manpower and reducing the military compensation package. We must not allow ourselves to become complacent with our recent manpower successes.

I welcome questions from the committee.

Senator WILSON. Thank you, Mr. Secretary. Let me ask a couple of questions and then I will yield to my colleagues so that they may all have an opportunity to question you before you have to depart.

BALANCE THE SYSTEM

First let us take your very last statement. You said:

> If Congress feels that defense must be cut, give us a balanced system; do not give us the weapons without the people.

And I note at page 3 of your statement you said:

> It makes no more sense to provide weapons systems and platforms without trained people to operate and maintain them than it would be to provide trained people without weapons.

That little aphorism I think is one that we really need to look at very closely. To a degree, it makes considerable sense. But if you do examine it closely, if we are compelled to make sufficient spending cuts, even though you and I may agree that they are imprudent, sufficient spending cuts that we are compelled to choose between the lesser of imprudent choices—then let us take your statement in a specific example as the setting against which to apply it.

We are engaged, we all know, in an effort to repair the neglect that we have all mourned at one time or another and to build ourselves back up to a 600-ship Navy. I have badgered Admiral Metcalf and others with the question that I am going to report to you now and have said: If we were compelled to derail that effort to rebuild a 600-ship Navy, you would be unhappy?

He said:"Yes, indeed, sir. We feel that is requisite to our ability to project force and to operate as a three-ocean Navy."

Well, I quite agreed with him on that, and I said:

> Well, what if our choice is to make manpower reductions, and let us assume a worst case situation, that in order to continue with the building program and to attain that 600-ship Navy we actually were faced with the seemingly ludicrous situation that we would have to take some of those new ships and, if we were unable even to operate them with skeleton crews, even tie them up. What would your choice be? Would you rather have the manpower or would you rather have the ships?

Now, that is not the situation that we are put to. Senator Rudman's proposal does not put us to that. But it might mean that we are not operating at full TO&E, although as he envisions his proposal we would be, with respect to those combat arms, including the Navy.

I think the Navy has come to grips with this reasonably well. They have even gone to the necessary, if not altogether desirable, expedient of having Reserves man certain elements of that 600-ship Navy. And as has been pointed out, it requires some full-time Active duty people, whether they be full-time reservists or regular Active duty personnel, to keep those ships operating.

My point is, I think that there is a point past which you are correct that it makes no sense to provide weapons without a certain level of personnel, but what Senator Rudman is proposing calls for a 10-percent reduction, not in combat MOS's nor in those auxiliary or support personnel that directly support combat.

Why is it that, given the opportunity to proceed with a weapons system and make a cut of that kind, that would not be a preferable cut to reducing the production that is necessary for the 600-ship Navy or to get an additional air wing or to provide additional conventional and strategic systems?

Dr. **Korb**. Well, I think first of all you have to keep in mind that the requests for manpower that we are asking for now are not for the weapons systems that you are authorizing now. They are for weapons systems which have been authorized, 2, 3, 4, 5 years ago, and now we are sort of out of phase.

So the people that we ask for this year are not for systems that you are considering this year. My point is, if you do not want to give us the people, but you want to make manpower savings, it is going to be difficult to achieve these savings in the short term.

I would also point out to the subcommittee that we have had a 60-percent reduction over the last couple of years in the number of Active duty increases we have asked for. Again, these increases were to man the new systems now coming into the force. Yes, you can take it out of the support structure and, under certain managerial situations, you can still man the ships.

But what about your rotation base? How long do you leave the people out at sea? Who is going to train the people? What about the training establishment? Who will do those things? And this is where I think you are going to see the suffering.

Readiness may not suffer in the short term, but if you leave a person at sea a long time without a shore billet to come to, that person probably will not stay in the Navy. All other things being equal, you will see retention problems. If you do not have a training base, you are not going to be able to turn out new people to man those ships we have now or to man the new ships that are coming into the inventory, or to keep up with changes in tactics and weapons technology.

I think those are the things that we have to consider when making a judgment in that particular area. And I would argue that the situation we inherited a couple of years ago was just the one that I have outlined. We did not have enough people in the so-called support establishment and consequently readiness and retention and things like that were suffering.

Senator **Wilson**. Well, I think that, since you and I both focused on the Navy, I think that the Navy does have a special problem, and indeed I think that the requests that have been made all have been justified by a number of the witnesses who have come before us in prior hearings.

The question really is, if we are faced with imprudent choices—and by "imprudent" I mean those that we would not willingly make were they not budget-driven, in fact were they not driven by what I consider to be an imprudent Budget Committee resolution that zeroes real growth in defense spending.

Nonetheless, if we are compelled to those choices, if that is what we are faced with, then I think we have to examine very carefully whether or not what is being proposed today or some variation upon it may not be the least of those evils.

REDUCE MANPOWER BY CUTTING WEAPON SYSTEMS

Dr. KORB. Well, again I would say that if you want to reduce manpower you have got to begin now by cutting weapons systems and force structure. I would also say—and this would be a less risky strategy—that this subcommittee ought to do an analysis of all of those things in law which prevent use from effecting some of the things that Senator Rudman talked about.

Senator WILSON. Well, you have achieved my attention on that, and I am quite sympathetic to that point. I am going to invite you to submit to us for the record all of those things that you have sought to do and really been prevented from doing. Cite chapter and verse of the specific congressional action that has frustrated you with respect to contracting out, with respect to consolidation.

I think that you probably can make a number of good specific points on that. I invite you to do so.

[The information follows:]

THE ASSISTANT SECRETARY OF DEFENSE,
MANPOWER, INSTALLATIONS AND LOGISTICS,
Washington, DC, April 3, 1985.

Honorable PETE WILSON,
U.S. Senate,
Washington, DC.

Dear SENATOR: During your hearing of March 21, you asked me to provide you a list of legislative encumbrances to the efficient management of the DOD. Attached is the Secretary of Defense's response to the same question.

As his response for the record says, the list is not exhaustive. I intend to continue to pursue the issue and identify and analyze additional Congressionally imposed constraints that generate inefficiency in DOD's management and will keep you informed on my progress.

Sincerely,

LAWRENCE J. KORB,
Assistant Secretary of Defense
(Manpower, Installations and Logistics).

Question. Mr. BOULTER. Mr. Secretary, from your answer, I think I'm right, and I want to move to another area. I also was the member Tuesday morning that asked you about this, and I believe the Chairman referred to it earlier. We all know that there are legislative reform and legislative roadblocks to the more efficient operation of the DOD. If you could simply come to Congress and its oversight committee and say, "These are the changes you need to make, so we can more economically and efficiently run this department," could you just basically outline those changes?

Answer. There are numerous legislative changes that could be made that would improve the efficiency of DOD operations and lead to real cost-savings in the budget. Major changes in present legislatively imposed constraints would save money and strengthen my ability to operate the Pentagon by eliminating current prohibitions against efficient defense opeations. As I pointed out earlier, this list of changes may not become an Administration proposal, but it provides information on how management and expenditures are affected by provisions which limit my ability to run the Department in the most efficient manner.

The proliferation of restraints absorbs a great deal of management time and has made it difficult to operate the Department with the kind of flexibility needed in rapidly changing circumstances. Over the last four years, we have made an attempt to eliminate unnecessary constraints that were imposed by DOD itself but other constraints have been legislatively imposed and hence cannot be modified by the Department.

Biennial Budgeting: Creation of a two year budget of the Department would promote program stability, allow a better chance for economic production rates, and allow increased time for cost-estimate planning functions, better program execution, and more thoughtful decision-making. A two year budget is a possibility for fiscal year 1987.

Streamline Base Closure Procedures: Legislative restrictions currently impose at least a 22-month delay from the time a decision is made to close a particular base until actual closure can commence. There are significant costs involved in the first year, but significant savings can accrue in the following years.

Elimination of Civilian End Strength Ceilings: End strength ceilings have been imposed without consideration of specific programs. Although there appears to be an assumption that new mission and decreased missions affect personnel ceilings, no direct relationship has been established. Therefore, we have requested an elimination of civilian end strength ceilings for fiscal year 1986 in this year's budget submission.

Remove Restrictions on Contracting out of Commercial/Industrial Type Activities (A-76): Restrictions on contracting out of commercial or industrial activities are artificial barriers to efficient operations which create added costs. Functions that could be performed most effectively by the private sector are precluded from conversion to contract under current restrictions. Other functions which are more appropriately conducted by Government employees are turned over to the private sector.

Removal of these restrictions would result in significant cost savings and increase the efficiency of DOD operations.

Raise Threshholds for Small Purchases and Advertisement in CBD: Varying threshholds affecting small purchases and advertisements are currently in force. The fiscal year 1986 Military Construction Authorization request includes a proposal to raise to $25,000 the small purchase threshholds in the Davis-Bacon Act, the Walsh-Healy Act and the Service Contract Act. In addition, the employment of the Handicapped Act, the Solid Waste and Disposal Act, the Employment of Qualified Disabled Veterans Act, the Small Business Act, and the Office of Federal Procurement Policy Act, all have different threshholds.

Of the 15 million procurement actions processed by the DOD each fiscal year, 14.7million, or 98%, are actions of $25,000 or less. Each of these actions is potentially complicated by one or more of the threshholds noted above. The Competition in Contracting Act of 1984 (P.L. 98-369) requires special simplified purchasing procedures for contracts not exceeding $25,000 "in order to promote efficiency and economy in contracting and to avoid unnecessary burdens for agencies and contractors. . . ." More cost-effective and efficient practices for small purchases could be achieved by changing all existing threshholds to "the level established for small purchases" in the Competition in Contracting Act of 1984.

While precise cost-saving figures are not available on potential savings, we estimate they range from $40 million for the proposal in our FY '86 Milcon Authorization submission to $100 million for an omnibus raise in all small purchase related threshholds.

As you can see this is not an exhaustive list. We have identified a great many additional legislative constraints that no longer serve the intended purpose but add to the costs of operating this Department. We will continue to analyze the potential benefits of removing these constraints or reshaping them, and I will let you know if we have additional proposals for legislative change.

Senator Wilson. Let me ask you this: I think in order to be clear that we are really discussing this proposal of Senator Rudman's from a common data base, we need to be concerned about definition. You have heard Senator Rudman explain his proposal, and particularly as it relates to the 10-percent reduction.

He has indicated that he did not use the Defense Department's classification system for the purpose of his analysis on what could be most—or, I should say, least—painfully reduced. And reading your statement, I did have the impression that you thought that he had based it simply on what things were being called in that classification system.

Dr. **Korb**. Well, Senator Rudman has said that his proposal would not affect the support people that are assigned to the combat units, and I certainly think that is important. But there again, I think that misses part of the problem.

For example, a combat air traffic controller assigned to a squadron would be in one category, but an air traffic controller assigned to an overseas base would be in base operating support.

Senator **Wilson**. Well, that is a very good example, because as I understand his proposal, the analysis that preceded his submission would not put those two air controllers performing the same function in different places.

Dr. **Korb**. It would put one at risk and the other not.

Senator **Wilson**. If I understand it, it would not put either one at risk.

Dr. **Korb**. The one on the base would be put at risk. That individual would not be part of the squadron. So if you have the person that is an air traffic controller assigned to an overseas air base, he or she would be put in jeopardy by this proposal.

Senator **Wilson**. This is exactly what I am inviting you to do. If there are any other examples, speak now, and then I will yield to Senator Glenn, who has some questions as well. If you have additional examples of that, I think it would be very useful.

EXEMPTING SOME PERSONNEL

Dr. **Korb**. As I say, I am gratified that we are exempting some of those people. But I think that the people not exempted are still very, very vital. For example, we might have people in base operating support that are assigned to intelligence, that debrief the crews when they come back. They would not be part of the squadron, they would be part of the base structure, for example. Those are things that I am concerned about.

Senator **Wilson**. All right. Well, he will have an opportunity in his question time to respond.

Senator Glenn?

Senator **Glenn**. Thank you, Mr. Chairman.

I would like to follow up on your statement, Dr. Korb, that the halls of the Pentagon are littered with bodies of those who tried to make some new efficiencies and to accomplish something, and exactly what Senator Rudman is trying to do himself, and that you are stopped continually by either the job concerns of Congress or that it is written in the law, some things that protect jobs from being lost, and that somehow we are getting in the way of all this.

Could you give us some specific examples? Where have you tried and failed on this?

Dr. **Korb**. For example, Senator Rudman quoted from part of the GAO hearing. In the subsequent answers to the questions, GAO said: We recognize that he [Dr. Korb] is kind of up against it in many cases because of things that are done by the Congress.

REORGANIZATION ACT OF 1958

Let me give you my own examples, because they have been sources of great frustration. The 1958 Reorganization Act says that the Secretary of Defense can consolidate logistics functions. We tried to consolidate the Military Traffic Management Command and the Military Sealift Command.

In fact, when we held a hearing on the subject Senator Goldwater, the chairman of the committee, said, throw in the Military Airlift Command, and you should have done it 10 years ago. Nonetheless, that year—and it was the fiscal year 1982 budget—there was a provision passed that prevented us from accomplishing any consolidation.

Now, what we have, in my view, is a traffic management command that is not a traffic manager, because it does not have the control over the other functions that we would like them to have. We should have one transportation command rather than three transportation commands.

A similar thing happened with the Defense Logistics Agency. As I mentioned, we tried to transfer the management of consumable items. We have several million consumable items that are managed by the individual services. Not only could we not transfer all we liked, but for the last 2 years an amendment has passed the House—it was called first the McCurdy amendment, then the Matsui amendment—which said that the Secretary of Defense could not transfer any type of functions that involved more than $10 million and 200 people without going to Congress.

And as I say, those are two cases that I have been personally involved in. Consolidation of things like family housing in Oahu is another case. It took me 2 years to be able to get that particular thing through, because there were all kinds of pressures from people trying to prevent us from doing it. Obviously, when you do these things, the way you save money is you reduce the number of jobs. OK, the people are affected. For periods of time we have been prevented from even studying jobs that we might decide to contract out.

Senator GLENN. How have you been prevented from even studying it?

Dr. KORB. Because there was language passed in the 1983 authorization bill that said, do not even conduct any studies for the next year, and until you do the study, you certainly cannot hope to contract out.

One of the things we found when we studied and the Government work force competes with the private sector, there is an average saving of about 22 percent because the Government workers find out that they can be more efficient.

Right now, we are responding to a House initiative to determine things that should be excluded from studying. Core logistics is what they call it. And obviously, as Senator Rudman pointed out, there are tremendous potential savings in those areas, but those are going to be ruled off limits depending upon the definitions that we work out.

Senator GLENN. Well, I think, Mr. Chairman, we should definitely reverse any effort to prevent any study of where these efficiencies can be brought about, if that is in law and you have been prohibited from doing that.

Dr. KORB. No, we finally got that resolved. We can begin the study. But that set us back because we could not study, and until you study, you cannot go about any contracting out.

Senator GLENN. Well, the chairman put it in a little different words than I would have put it. He said he invited you to submit any examples. I would specifically request that you do it in detail and in as great depth as you can possibly do it.

Dr. KORB. I have been waiting for this day for a long time.

Senator GLENN. You are not just invited. I cannot direct you, but if I could, I would, and it is on that basis that I ask you to please do that.

Senator WILSON. I might add that it is the intention of the chair to pursue this with the individual service Secretaries as well. I know that some of them have complained to me about it, and we intend to make this a major effort on the part of the subcommittee.

I am amused, though. One of the examples that you chose I think had to do with one of the secretaries himself opposing a consolidation, perhaps for good and sufficient reason. But you will recall it was Secretary Lehman.

Dr. KORB. I understand that. But Secretary Weinberger was about to sign the order directing it when there was legislation passed to prevent him from accomplishing the consolidation.

Senator GLENN. General Wickham recently testified before the House Armed Services Committee that the Army has grown "top-heavy with noncombat capabilities." According to General Wickham, "there are more communicators in Germany than infantry soldiers."

Why should we not reduce Army support manning by 10 percent?

Dr. KORB. I think what General Wickham is doing is an example of what we have been doing since I have been on the job, and I am sure my colleagues prior to that were doing it also. We constantly evaluate the force structure, and he is correct that the Army in many cases had manning documents that were outdated.

I remember one thing we took a look at. The number of stevedores that they had in some of the units was based upon World War II type ships. It did not even take into account containerization. We have encouraged the services to evaluate their force structures and they are constantly doing it.

Are they perfect? No. Have we done everything? No, we certainly have not.

But I think it is important to convey to you that we are constantly evaluating our needs and trying to bring about these efficiencies. I think that Senator Rudman was quite correct in commending the Army, and I would say that the other services are constantly doing those things, too.

BREAKDOWN OF OCCUPATIONAL SPECIALISTS

Senator GLENN. Now, in this breakdown of the occupational specialties and who fits in auxiliary activities, support activities, and so on, as opposed to combat personnel that we normally—that we use as the normal breakdown on this whole area, do you feel those are adequate?

Because at an earlier hearing before the subcommittee, you sort of dismissed the skill and specialty groupings in the table as an occupational classification established by McNamara way back, and I gather you do not think much of that grouping. Is there a move to make these a more realistic grouping, if you do not like them?

Dr. KORB. Well, we have two different things that we are talking about. The program categories that I mentioned, Secretary McNamara established 25 years ago. We use them for formulating our budget internally. Then when we present the budget to Congress we break it back down by service line item.

The other thing we are talking about is the occupational classification code system that we use with the Pentagon as an internal management tool. One of the things that we do in deciding what is combat and what is not combat or what classification to put people into is whether the job has a civilian counterpart. This is so we can counsel young men and young women about what jobs they might have when they leave the service. We also furnish that type of information to other appropriate Federal and local agencies.

Now, that is very good for our management purposes, but I do not think it is very good for this discussion. And I think Senator Rudman was quite correct today in making the distinction between the two types of data.

Senator GLENN. Just one other question. I know if you go back to colonial days, I suppose the combat troops compared to support troops were like 50 to 1 on the combat side. Now we have gotten more technical and have a need for more support and more logistics tails behind us—I think back years ago the standard school solution was you had about a 5 to 1 ratio of support to combat personnel.

I guess we are up to 6½ or 7 to 1 now. Do you have a figure on that, or do you use those ratios at all any more?

Dr. KORB. Not in the way you are talking about. But I think you are quite correct, it is a different type of military. For example, you have a lot of people now that handle the naval tactical data systems, who are considered support. But because modern sensors can generate so much information, you need a lot more people doing that type of work.

TECHNOLOGICALLY ORIENTED ARMED SERVICE

Senator GLENN. Just a comment on that. As we move into the technological race that we are in, we are superior in the technological area. We want to use our technology to be better than the Soviets, instead of trying to outdo them with manpower. So I think probably we will have a little bigger support tail there.

But I am very concerned, along with Senator Rudman, that we not let that thing wag the whole dog here and get completely out of kilter. And it is a little hard to see how it is not out of kilter with the figures that we put out there. We have 258,000 combat personnel out of 1.8 million. That is a pretty husky ratio there. That is about a 7 to 1 as I read it.

Dr. KORB. That is correct.

Senator GLENN. And I agree with you, we can dicker back and forth over who fits in as combat part time and not part time and all this sort of thing. But 7 to 1, that is quite a horrendous rate, it seems to me, even for a technologically oriented armed service, which we are.

Dr. KORB. But again, keep in mind that lots of people on a deployed ship would be in the noncombatant categories in that particular ratio.

Senator GLENN. I understand that, and I do not want to take it down to where we should set a specific ratio and you have to stay within that, because that would be unrealistic as we develop more and more complex and technologically oriented equipment.

My time is up. Thank you, Mr. Chairman.

Senator WILSON. Thank you, Senator Glenn.

Let me point out to my colleagues who have joined us after the commencement of the hearing, we have heard first from Senator Rudman. He has graciously agreed to remain with us. Secretary Korb has a plane to catch. We are attempting to accommodate his schedule to allow him to do that, which requires that he leave this hearing room by 3:20.

In order to afford those who do have questions for him the opportunity between now and then to get some questions in, we will——

Senator GLENN. What date can we have that study of where you have been thwarted in your realignments?

Dr. KORB. I will try to get that to you as quickly as I can.

Senator GLENN. What is "quickly"?

Dr. KORB. Within a week.

[The information follows:]

MANPOWER ADDED TO DOD BY CONGRESSIONAL ACTION

The estimated manpower (civilian and military) added to DOD as a result of congressional action from FY 1982 through FY 1985 is provided below. These figures do not include attempts to convert dollars authorized by Congress into personnel.

	Fiscal year—				
	1982	1983	1984	1985	1982-85
Army			1,563		1,563
Navy		22		759	781
Air Force					
OSD/Def. Ag	26	122	535	137	820
Total	26	144	2,098	896	3,164

DISCUSSION OF SIGNIFICANT INCREASES

Army: The FY 1984 Appropriations Act increased military technician growth by 1,563 over the authorized level.

Navy: In FY 1985, 750 military billets had to be accommodated within the authorization to man the Naval Military Construction Battalion No. 7 which was added by congressional direction.

OSD/Def. Ag.: In FY 1983 and FY 1984, Congress added 100 and 50 spaces, respectively, to the DOD Office of the Inspector General. Additionally, Congress authorized an increase of 400 additional personnel for the Defense Contract Audit Agency in the FY 1984 Appropriations Bill to meet the audit workload associated with higher DOD procurement and RDT&E appropriations. In FY 1985, the Defense Logistics Agency added 136 positions for congressionally directed procurement policy reform.

Fiscal year 1986 pending: As mentioned above, we have not identified in the table above all increases in manpower which resulted from congressional addition of funds; however, an example of such an occurrence is the addition of funds to the Defense Agencies in the pending FY 1986 authorization. In FY 1986 a substantial increase within the Defense Agencies was authorized. This increase was due to an adjustment of +832 positions to reduce the backlog of investigations at the Defense Investigative Service.

Senator GLENN. Thank you.

Senator WILSON. All right. Senator Denton?

Senator DENTON. May I make a remark before I begin.

Senator WILSON. Go ahead.

ANTIMILITARY ATMOSPHERE

Senator DENTON. We are being told that there is a lot of antimilitary feeling in the Congress this year, and the prognosis for zero growth in the defense budget is favorable because of the so-called antimilitary feeling, as it is being called.

I do not share that antimilitary feeling, and I think that Congress is not being responsible. Over the past 30 years, the trend in the balance between the Soviet Union and ourselves makes almost a comedy out of the kinds of things that are being said on the floor.

The 5.9 percent growth that the President asked for was hardly more than a logical continuation of catchup call, the interruption of which will not only have bad effects in Geneva, but also very bad effects in terms of the likelihood of the preservation of our freedom.

That having been said, I believe, even though Senator Rudman believes that I may have misunderstood his proposal, that Senator Rudman's proposal is a relatively mild proposal. Indeed, I considered not coming to this hearing because it is overcome by events. His proposal would have resulted in about a one and a half percent savings, as I understand it.

Now, I want to make it clear to Senator Rudman and to everyone else that I have criticized his plan, based in part on the piece of paper from DOD claiming that he had meant by support personnel those people who are labeled by the DPPC as such. He says that that is not the case, that he meant that as only an example.

If he had meant it that way, I criticized him for what DOD alleged that he said about command and control people, logistical distribution training people, and even first sergeants of infantry companies, and I have to acknowledge that.

So if that is not what he meant, and he is saying that he is leaving it to you to cut the people, do you feel you can cut the people, Secretary Korb? You have said that you are going to have to cut weapons systems and so on to get that done, so you partially answered my question. If you have anything further to say, OK.

PROFLIGATE WASTE

I want to go on with something else here. Senator Rudman says something deferential toward the military by saying that generally he has found them OK, dedicated and so on. A lot of talk has been heard here about profligate waste. I have been 34 years in the military and 4½ years here. I served across the spectrum of the services in many joint and combined commands with other nations and NATO. If I were to compare the services and Congress on the basis of waste, efficiency, dedication, responsibility to country, whether they were overpaid or not, the services would not come in second. I just want to make that clear, that that is the way I feel in those qualitative areas.

I believe defense can be cut, that there can be money saved in defense on the military bases, on weapons systems which DOD has said they do not want but that have been forced on them by Congress.

Civil service—I think it should be made possible to fire those in civil service who are not satisfactory workers. I found that impossible while I was in the armed services myself. And the civil service people admitted to me the other day that that is still the case. I would like to know your comment on that, Secretary Korb.

I would like to know if the OPTAR money is still spent the way it used to be: If you did not spend it all during the Christmas quarter, you got that much money taken away from you the next year, so we bored holes in the sky during bad weather and that kind of thing.

Senator Rudman's proposal is relatively thoughtful. On the other hand what we are confronting now is a freeze, which will cost money, not save it, and then we are going to lose the savings of multi-year procurements and so on. I consider it a disaster.

How much money could be saved in your shop, Mr. Secretary, if you did not have to adhere to congressionally mandated restrictions on the reorganization? These gentlemen have asked you to submit the proposals that you made, but then there were a heck of a lot of proposals you knew you could not make because of rules that existed. I would like you to include that as well.

Senator WILSON. The charge is much broader, to identify constraints.

Dr. KORB. Yes. I think when we submit it we will be able to give you a much better cost figure.

[See letter from Dr. Korb, p. 2936.]

INCREASE IN PAY CUTS

Senator DENTON. No one has mentioned the increase in pay. You only spent a sentence on that. It seems to me we are starting to lose pilots already, with the better economic times and so on.

What would be the effect, do you believe, in that field, for example? Would it be severe, moderate, or slight?

Dr. KORB. We are already farther behind the Employment Cost Index than we were in the late seventies, when we had a lot of problems. Thanks to the efforts of Senator Nunn, among others, we began to close the gap. So if we fall farther behind, I think we are going to experience more problems, particularly with higher quality people.

But as I mentioned, the reason I did not address pay today is because this subcommittee has held a hearing on that subject already.

I think we have to look at the totality of military benefits. We have a request for increases in moving allowances, where as you know from your own experience military people lose money when they move. So we have to look at the whole compensation package, not just the base pay.

We have before the Congress a proposal to increase the amount of the aviation bonus so we can keep some of those Navy pilots that you talked about.

Senator DENTON. For your information, there was a bet made in the Armed Services Committee that, although we on the committee are willing to cut 22 bases, there will not be any closed because Congress will block it on the basis of politics.

How many people have been added to DOD by congressional action during the last 4 years, new positions, new bureaucracies? If you do not know, can you give me an estimate in writing later?

Dr. KORB. I can, but as you know there have been several new offices set up by the Congress that were not requested by the Department of Defense.

Senator DENTON. How much money could be saved in your shop if you did not have to adhere to congressionally mandated restrictions on reorganization and so on?

Dr. KORB. I think we will provide that in the answer to Senator Wilson's comprehensive question.

Senator DENTON. Can we get that broadened out? Can we ask other DOD secretaries and so on?

Dr. KORB. I think we can probably take a look for the whole Department.

Senator DENTON. I think you better do it fast, because this stuff is going to happen.

Dr. KORB. We will start today. In fact, we have already had someone call back.

Senator DENTON. OK. I will conclude by saying that I wish that we spent as much time deciding to go from 5.9-percent increase in what we give to defense to zero as we do in worrying about cutting $10 million out of some nonmeans tested social program which is nothing more than a waste. We spend weeks sometimes arguing about that $10 million, and we just spend I do not know how many hours deciding to cut from 5.9 to zero. I do not consider that responsible.

Thank you, Mr. Chairman.

Senator WILSON. Thank you, Senator Denton.

Gentlemen, we have not very many minutes left with Secretary Korb. I would suggest that perhaps what we do is ask each of you to state your questions to him for the record and allow him to respond, unless you are able to spend more time.

Dr. KORB. Well, I have a 3:55 plane. I can go another 5, 6, or 7 minutes. I will have to drive pretty quickly. If I do not run into any obstructions, I will make it.

Senator WILSON. In the order in which they arrived, Senator Cohen, Senator Nunn, and Senator Exon.

Senator COHEN. Thank you, Mr. Chairman.

We owe Senator Rudman a great debt of gratitude. There is a familiar expression: The thought of suicide concentrates the mind wonderfully. And Senator Rudman has certainly concentrated the mind wonderfully as to what we are doing with respect to this issue.

I just caught the tail end of your testimony, but one of your statements was, the first thing we ought to do is stop the weapons procurement before we start reducing manpower. If that is the case, I have been laboring under some kind of misapprehension.

For example, I am told that one MLRS battery can replace three artillery battalions. It seems to me that the argument cuts the other way. The more advanced and sophisticated the equipment becomes, the fewer people are supposed to be required to man it. You can draw a comparison between battleships and Aegis cruisers and whatever.

I am almost sure——

Dr. KORB. No, let me elaborate on that——

Senator COHEN. No, I want you to elaborate in the answer.

Dr. KORB. OK.

[The information follows:]

IMPACT OF SOPHISTICATED EQUIPMENT

The newer equipment we are introducing into the force in all cases is an improvement over the equipment that it replaces. Sometimes the new equipment simply provides more combat capability. Sometimes it is more durable and therefore easier and cheaper to maintain. However, just because new weapons systems are more capable than the systems they replace and may require less operators, it does not necessarily follow that a proportional cut in force structure and/or manpower can take place. First, the total capability required is a function of the threat which is also increasing in combat capability. Secondly, even if an artillery battery with new equipment has the capability of three current battalions, it cannot necessarily replace those battalions because of the role these battalions play in our tactics and doctrine and also the need for redundancy in combat. As far as the overall distribution of personnel is concerned, more capable weapons systems often require more support personnel even though fewer personnel may be required to actually operate the system. For example a system with a higher rate of fire will require more ammunition and therefore greater ammunition support. However, in every case, we look at the whole system in its operational environment. If newer, more capable equipment can save manpower we certainly take advantage of the situation.

Senator COHEN. I want to get you out of here if we can.

Second, I will ask the following for the record also. You stated that a cut in support may cost the people in this arbitrary category their jobs, but it could cost the combat soldier his life. Now, that sounds pretty provocative and fairly inflammatory, as a matter of fact.

What I want to know is, how could some consolidation of base operating support in the Norfolk area that Senator Rudman was talking about, where you have 11 bases, cost the combat soldier his life? Or maybe a reduction in commissaries in the Washington area from 8 to 5, whether that would cost the combat soldier his life?

I mean, I do not think you have really addressed the issue, when you say you call this guy a support personnel and it could hurt out in the field. That is not what Senator Rudman is talking about, and he is not someone who approaches these issues idly or abstractly. He has been there. He has been on Porkchop Hill and knows what it means to have support personnel.

Dr. KORB. Well, I think again I would point out, Senator Rudman clarified his proposal today and talked about those he would not cut. But again, there are still some that could be cut. For example, an air traffic controller on a forward operating base would be subject to being cut.

Obviously, the person in the commissaries or some of these others would not affect them.

Senator **Cohen**. I have some more questions, Mr. Chairman, but I want to make sure the others have a chance.

Senator **Wilson**. Thank You, Senator Cohen.

Senator Nunn?

Senator **Nunn**. Mr. Chairman, I will just take 1 second. I have a number of questions along the line that we have talked about here concerning Senator Rudman's proposal, but I would defer those.

I have a series of questions on another subject, but I will submit them for the record. They relate to base exchange, and the move that is now being made to put all sorts of franchise operations on bases, when right across the fence private people who have to pay taxes, buy land, and so forth already have those up.

I will put those in the record. Dr. Korb, I would like to get with you on that. I will defer the rest of mine in the interest of time.

Senator **Wilson**. Thank You, Senator Nunn.

Senator Exon?

Senator **Exon**. Thank you, Mr. Chairman.

The question that I wanted to ask of the Secretary has already been posed by the other Members, so I will wait.

Senator **Wilson**. All right, sir. Thank you.

Senator Rudman, we will afford you the opportunity to ask Secretary Korb a question or two.

Senator **Rudman**. I would only just make one comment to Secretary Korb, and that is that it is he and the gentlemen sitting there whom I would like to make the cuts, not the Congress. As a matter of fact, I must say that when I read this document, which was an unmarked paper that came in a brown wrapper, and was prepared by the Defense Department, Mr. Korb, the KGB could take lessons from whomever prepared this in terms of a disinformation campaign.

It is this document my good friend Senator Denton looked at and believed was accurate, when in fact a reading of my floor speech and the documents that I referred to would have clearly indicated that what I am suggesting is that you somehow do what the Army has already done and find these people in all of the support commands.

If you need the base controller, keep the base controller. We are not saying take him out. We are saying that, out of 750,000 people, we believe you can find some that can be done without. Maybe you cannot find all that I think you can find, but Dr. Korb, you can find some.

The other thing, Mr. Chairman, I want to say to Dr. Korb, I accept his apology. His statement is in the record, and I only have to say to Dr. Korb, I am sure he did not write it, but I was a little—no, I was frankly quite offended—when I read the conclusion to your printed statement that said:

"I can only conclude that because of his"—meaning my—"concern about the deficit and his"—meaning my—"desire not to harm national security, he endorsed a proposal which on the surface appeared to make sense. I would only hope that as a result of this hearing, he recognizes the complexity of the issue."

No. 1, I did not endorse the proposal; I constructed it. No. 2, I think I understand the issue as good as anybody across the Potomac in the Pentagon, and I believe it is a mild solution compared to what other people would like to impose on DOD.

Thank you, Mr. Chairman.

Senator WILSON. All right. Thank you, Senator Rudman.

Thank you, Mr. Secretary. We will await with great eagerness the submissions that have been requested from you. And with that, go ahead and catch your airplane. Thank you very much for being here.

When Senator Rudman had made his statement, we had just begun asking questions of him and he agreed, in the interest of allowing Secretary Korb to take the witness table in order to keep his travel schedule, that he would be willing to stay and return as a witness.

Let me inquire of my colleagues: Do you have questions for Senator Rudman about his proposal? If so, he is willing to—you need not resume the witness chair if you are comfortable there.

I will yield to Senator Glenn.

APPLYING RUDMAN PROPOSAL GOVERNMENT-WIDE

Senator GLENN. Yes, I have a couple of questions. Senator, could not the same thing you are proposing be said about every Department of Government? Why Department of Defense? It is just that we have all had some military experience, we have seen that firsthand, and it seems to be—I will not go as far as Senator Denton did, to say that the Defense Department is a whipping boy these days.

But I go over, in my infrequent trips to the Department of Interior, Agriculture, Commerce, the White House itself, and I see people running all over the blooming place, and in fact on Capitol Hill. And why do we not say 10 percent too many here? Maybe we have got 10 percent too many Senators, too. I do not know. But I am not about to propose that.

Senator RUDMAN. Not from New Hampshire.

Senator Glenn, let me just answer it this way, because I cannot disagree with your point. Your point is absolutely on target and I believe that you are right, and I would support, and have supported, such proposals.

The problem we face is that those of us who have been consistent supporters of this program, of whom everyone in this room has been a consistent supporter of this program over the last 4 years, have to face the reality that the long knives are out, whether the right reasons or the wrong reasons.

Whether you agree or disagree, politically we are going to have things happen to the defense budget this year that many of us do not think are right. My proposal was trying to address, within DOD, a way to do it without harming readiness, force structure, combat commands, and the important procurement.

That was the reason I put this proposal together back in November-December, because I believed firmly that we would finally come to a day that we came to last Friday, where they said zero growth, and there may be 51 votes for some thing very close to that. That is the reason I picked DOD.

But you are right, we could apply it Governmentwide.

Senator GLENN. Let me go through a couple of these, because I am not sure I understand what the implications of all this would be if we put it into effect. We have combat and then we have things listed as auxiliary activities and support activities, and those latter two categories are always considered as support activities in toto.

But under auxiliary activities are intelligence. Would you cut back 10 percent in our CIA activities, intelligence, NSA?

AUXILIARY ACTIVITIES

Senator RUDMAN. They would not have to cut those back. They would have the choice, out of the 762,000 people in all of these activities, to apply it as they wished. I would mandate for certain commands, such as the Defense Logistics Agency, I would mandate the 10 percent there.

Senator GLENN. Well, you have four different breakdowns under auxiliary activities: intelligence, centrally managed communications, research and development, and geophysical activities. Just looking at this, I am not quite sure where I would come up with 10 percent out of any of those, because they are all very vital functions.

Senator RUDMAN. I would propose——

Senator GLENN. I do not know that they have fat in those billets over there. Maybe they do. I do not know, but I certainly would not want to mandate 10 percent without knowing what that was going to do to intelligence or to research and development. Boy, that is our ace in the hole.

Senator RUDMAN. This proposal does not mandate that. What this proposal does, for instance, is probably force the Army Logistics Agency, the Army Materiel Command, the Air Force Systems Command with its 55,000 people, probably to make personnel reductions of several thousand.

Actually, one gets to the number that I am talking about, in the uniformed services through attrition, and you get there pretty much the way General Wickham in the Army staff over the last 2 years got the light division, by taking people out of the services and putting them into combat units.

Senator GLENN. Your biggest function under other support activities, which are about 9 or 10 different activities here, but your biggest one is base operating support. That is some 300,000 people, I guess it is.

Senator RUDMAN. That is correct.

Senator GLENN. And the next one, about a third that size, under individual training. Now, I would be hard-pressed to say that in individual training we could take a 10-percent cut. As you say, you are leaving them flexible to make the decisions.

But it seems to me that I would want to start the other way and go into each one of these places with some sort of efficiency expert and say, OK, let us look at individual training, let us look at central logistics, let us look at managmement headquarters, that are all functions here, and build from that base up and see what the total is up here, and not just take the totals as they developed and say, well, I am sure they can take a 10-percent reduction, because I am not positive they can.

I would hope that they could, but I would certainly not be guaranteed of that. It seems to me you have to build this total the other way, not just mandate it from the top down.

Senator RUDMAN. I do not disagree with that. Let me say to my good friend from Ohio that what I have tried to do was to at least take out all of those forces which we knew were essential to combat, essential to combat support and indirect support, take them out and identify places the services could look within this 760,000-some odd people to cut the proposed number of personnel.

Senator GLENN. I guess I would feel a little more comfortable with this whole thing if it was not messing around with our combat capabilities. I would rather see it tried out, say, in the Department of Agriculture, Interior, Commerce, or some other Department, or the White House itself. They have grown like Topsy over there.

Senator COHEN. The Budget Committee will not let you do that.

Senator GLENN. What?

Senator COHEN. They are not going to let you try it out someplace else. The Budget Committee is going to say you have to try it out in Defense, too.

Senator GLENN. I was trying to get some experience on how it works out in other places, and if their efficiency is really curtailed by a 10-percent work force reduction, where if we go over and do this automatically in the military and find out it does not work we have messed around with something that is pretty important there.

And if we try it out in something that is not a vital defense of this country issue Department, then it seems to me we have done it perhaps on a little bit better basis. I would probably support something like that in another Department to see how it worked out.

Senator NUNN. May I suggest one of the best models for looking back on a pilot project was what happened in the early 1970's. Back in about 1974, I proposed an amendment, which finally passed, that required a support reduction in the European theater of 20,000, but permitted an add-back of 20,000 in the combat field.

It did not mandate an add-back, but permitted it, so they could take those slots and utilize them. They struggled for about 2 years if you go back and look at the history of that—it might be good for someone in the Department of Defense to go back and look at it. I have not looked at it myself.

They finally accomplished that. They formed a new combat brigade out of that. They found the slots, they finally did it. Then what happened, though, starting about 1976 or 1977, somewhere in that time, they started adding them back and adding them back.

You would see articles saying critical shortage of support functions, critical shortage of this, critical shortage of that. They added them back and they added them back. And although I have been afraid to look, I am afraid that they have added all of them back and they have gotten more over there.

There is a tendency in the military, unfortunately, to believe that they have to be autonomous with every unit, that they have to be able to self-sustain. And there is a tendency not to look at the Reserves as being able to come in and fill up the combat need for combat support. There is a terrible tendency in Europe not to be willing to look at the allies for host nation support, although some of that has been done in recent years.

There are something like a million reservists in Germany who are trained, who do not have equipment and so forth and cannot really participate in combat in the war right now because they are unequipped. But I have urged over and over again for our military people to get with the Germans and see if there cannot be some utilization of that manpower.

But if you look at the increases over time, it is a very discouraging picture. There has been, in answer to Senator Glenn's question, a gigantic pilot project that was conducted over a 7- or 8-year period. I worked in the initial stages, but I am afraid in the long run it has not worked.

Senator WILSON. All right. Further questions to Senator Rudman? Senator Cohen?

Senator COHEN. No questions.

Senator WILSON. Senator Nunn?

Senator NUNN. I have just said what I wanted to say.

Senator WILSON. Senator Denton?

Senator DENTON. I would have to say that I still do not know, Senator Rudman, precisely anything, except that I was told in this paper here, which might not be the same paper you referred to as the KGB document, that support includes, among others, command and control. I have not seen your papers mention command and control. I do see communications in there.

Logistical distribution, I think you probably are guilty of that. And training, I have to express the same reservations that Senator Glenn did.

I do give you relative credit, though. I think you were trying to go in a direction that is conscientious and thorough. I doubt that you know, as you claimed, though, as much as all the guys on the other side of the Potomac about this.

Senator RUDMAN. It does not take a lot of knowledge actually, Senator, not on this subject.

Senator DENTON. I am not sure that it is well thought out. I think it is good will and in the right direction, and I think you could work it out, Senator Rudman. I think it could be used as a basis for something. Perhaps you would not eliminate as many people as you want, but I believe the services and DOD would agree that you could cut down somewhat on support personnel.

That is the way you had talked about it to me when we talked. You said, peacetime we tend to get fat. I have had four kids, five counting in-laws, in the service in the last few years who tend to confirm that. I will not embarrass any of my other military friends, but I imagine some of them would agree to that.

But at least, your effort is in the right direction. You guys in DOD have to get fast about getting information prepared about what is going to happen to you if you get a freeze, because that is going to be, I think, really unfortunate.

I cannot say that I buy all of your proposal, Senator Rudman, I just say that it looks OK. I mean, it looks as if there are some doubtful areas, like Senator Glenn mentioned. I do believe it is a relatively good faith try.

Senator **Wilson**. And your question to Senator Rudman is, do you not agree?

Senator **Denton**. That is right. I had to clarify the KGB thing and all that. It was very important. I have made statements in Alabama, I have made them here on the floor, and Senator Rudman deserved a complete accounting of it.

Senator **Wilson**. I have a feeling he would like to give a more fullsome reply than just yes or no.

Senator **Rudman**. Not fullsome, Mr. Chairman. I wanted to simply say that Senator Denton is quite correct, as is Senator Glenn, that this is a $21 billion proposal over 3 years, $21 billion over 3 years. And if this committee would like to vote later on this afternoon to recommend $18.5 billion, I certainly would accept that. So I think the committee ought to give it serious consideration.

Senator **Wilson**. The earlier colloquy between Senator Denton and Senator Rudman reminds me of the exchange Al Smith had with a heckler once. The heckler said: Go ahead and tell them all; it will not take long. He said: Well, I will tell them all we both know; it will not take any longer. [Laughter.]

Senator **Glenn**. I want you to know, the ranking minority disassociates itself from that remark.

Senator **Wilson**. It had nothing to do with the two Senators, of course.

All right. Senator Exon, do you have a question for Senator Rudman?

THREE-PERCENT PAY RAISE

Senator **Exon**. Senator Rudman, a couple of questions crossed my mind. You proposed to stop the 3-percent pay raise for July 1. Was that strictly a matter of budgetary consideration or do you think we are paying our people too much now?

Senator **Rudman**. Well, I do not think we are paying our people too much, but I think that the way that we calculate paying benefits in terms of comparability is probably not quite accurate.

I was shocked to learn that a full 50 percent of every dollar in pay is accrued now for retirement purposes under the new system, and that the average officer in the Armed Forces today, average, when you take pay, accrued retirement, fringe benefits, medical care, commissary, and PX privileges, is paid about $62,000 annually.

Now, as for some of the E–6, E–7, E–8, E–9 grades, I do not think they are probably paid enough. So I would say it is a tough compromise.

Senator **Exon**. But you are cutting out the July 1, 3-percent pay raise across the board?

Senator **Rudman**. Absolutely.

ACTIVE END STRENGTH

Senator **Exon**. I have one other question with regard to the active end strength additions requested for the Navy. Your amendment would affect that, would it not?

Senator **Rudman**. I do not understand the question, Senator Exon. Which cut?

Senator **Exon**. The cut related to active duty personnel. It shows here on a sheet that I have in front of me that you would require reduction of about 15,000 for the active Navy.

Senator **Rudman**. That could be right. The figure is about 70,000-some odd for all of the services. That could be the Navy's share.

Senator **Exon**. We are supposed to be building up a 600-ship Navy. Would your recommendation prevent the accomplishment of that goal?

Senator **Rudman**. Let me say that I think the Navy has a special problem, which both Secretary Lehman and Admiral Waktins have stated. And yet I must say, with the 215,000 people in the naval support commands, I suspect that you could find enough people to do what I am proposing or at least a major portion of it.

Senator **Exon**. Thank you, Senator Rudman.

Thank you, Mr. Chairman.

Senator **Wilson**. Thank you, Senator Exon.

The Chair recognizes Senator Thurmond for questions to Senator Rudman.

Senator **Thurmond**. Senator Rudman, I have had the pleasure of working with you on a number of matters and I find you to be very helpful in all of them and very reasonable and fair. I am sure what you recommend here you feel is fair.

I am concerned about the pay raise, though. If we raise anybody this year in the Government, I hope the military people will be among those. So if you had to choose one, just one category, I would say raise the military over the others. They risk their lives by wearing the uniform. They are sent from one part of the world to another, and they are moving their wives and children, who go to different schools. There are disruptions.

And I really think we have got to be fairly generous with these people. And if it were not for those who wore the uniform, we would not have a country.

I have been impressed with the study you made and the meticulous manner in which you have gone about this, and I hope you will get with some of the military and go over some of these matters. There appears to be merit in the work you have done, and I hope you will do that.

Now, someone complained to me not long ago that we may have too many admirals and generals. I wonder if you have made any study or recommendations on that? They brought out the point that we have a greater ratio now according to the number of people in the service than we had in World War II.

Senator **Rudman**. Well, that is quite correct.

Senator **Thurmond**. Have you gone into that?

Senator **Rudman**. Yes, I have. I really do not think that is the problem itself. I think the problem is that for every flag rank officer you have, you generally find some sort of a command for that person and some sort of a support structure.

Let me simply say that we have more three-star rank people today in the services with 2.21 million people in uniform than we did with 12 million people in World War II.

Now, I would be the first to say that we have a different kind of a mix, a different kind of a force. It is not the number of general and flag officers that particularly disturbs me, but what does disturb me is the number of unified commands and individual commands and structures that are created. The number of commands created for these to take charge of is the problem more than the rank they have.

Senator THURMOND. I believe you mentioned that we may not be paying our senior enlisted personnel enough.

Senator RUDMAN. I agree with that.

Senator THURMOND. I wonder if you would support a targeted pay raise for certain ranks, as opposed to a freeze?

Senator RUDMAN. I have always supported, on the Defense Appropriations Subcommittee and on the floor, targeted pay increases, because I think they make more sense today.

Senator THURMOND. Now, I hold in my hand here the comments of the Defense Department on the study you made and the recommendation you made. Have you had a chance to see this?

Senator RUDMAN. Senator Thurmond, I think you were out of the room when I characterized it. I have studied it in detail. I have even plugged it into the same computer program that I developed the original proposal on, and the computer blew a fuse.

Senator THURMOND. In response to some of the points you made, they seem to have made a very good answer, so I was thinking again, if you had the chance to sit down with some of these people and talk to them, I think it might be that you could convince them of some points, they could convince you on some. Because I have the greatest respect for you and I would like to see you carry your study on a little more along that line, if you would.

Senator RUDMAN. I would answer that one point by saying that I have done that. I have continued to meet with people who I think have made constructive comments. I have analyzed the proposal, and I will make sure the Senator from South Carolina gets a copy of my analysis of the response the Department of Defense made to this proposal.

Senator THURMOND. Thank you very much.

I will not take my time now. I had an emergency that called me out of the room. I am sorry I was not here during your entire discourse. I am sure it would have been very helpful.

Thank you very much, Mr. Chairman.

Senator WILSON. Thank you, Senator Thurmond.

At this point we will call the panel of witnesses, consisting of the personnel manpower chiefs from the individual services: General Elton, Admiral Lawrence, General Cassidy, and General Mead. If you will come forward to the table, gentlemen.

Welcome, gentlemen. We have invited you here today to respond to Senator Rudman's proposal, and we will accept your written testimony as part of the record and you may take what time you will to respond to the proposal. That is what we wish that you do. And with that, I will invite the first response from the Army, Lt. Gen. Robert M. Elton, Deputy Chief of Staff for Personnel for the U.S. Army. General Elton?

STATEMENT OF LT. GEN. ROBERT M. ELTON, U.S. ARMY, DEPUTY CHIEF OF STAFF FOR PERSONNEL

General ELTON. Thank you, Mr. Chairman.

It is a privilege again for me to appear before you and to add my statement with some accompanying charts into the record. I would like to discuss briefly what I feel would be the effect of Senator Rudman's proposals on what the Army is doing pro-actively to achieve a better and more capable force, which is clearly the intent of his request.

THREE-PERCENT PAY RAISE

His first proposal is to forego a planned 3-percent pay raise in July 1985. I believe you all would agree that military compensation now lags to some degree civilian compensation. That degree is arguable. This lag is calculated based upon regular military compensation, which includes base pay, basic allowance for subsistence, for quarters, VHA, and Federal tax advantages, which has been mentioned.

So with no pay raise, we could fall to as much as 9 to 13 percent below comparability. The effects of such a wide gap have been predicted, based upon experience. In 1980 the Army stood at about 7.3 percent below comparability, as did the rest of the services.

That was a very, very bad year for the Army for recruiting. In addition, many of our smartest and ablest noncommissioned officers and officers left the Army for greener pastures in the civilian economy. Not all of that is attributable to pay, but certainly some of it is.

With no pay raise, our best econometric modeling tells us that we could expect to lose about 6,000 capable noncommissioned officers over a 5-year period.

The second point: The Army has and will maintain a zero growth end strength of 780,800. This was a carefully reasoned decision to shape a highly professional, combat-ready force with streamlined structure, quality soldiers, and advanced technology equipment.

Corollary to this was the decision to modernize and streamline the capability of our Reserve components and to ruthlessly eliminate military spaces and replace them with civilians wherever possible. We have been able to do this, thanks to the steadfast support of the Congress.

CIVILIAN END STRENGTH

As our Reserves do not appear to be an issue, I would speak only of our civilian strength growth. In 1986, although we will expand our civilian component by just under 4,700 employees, our real growth—and this is very important—our real growth in budgeted work years does not grow. In fact, it has been declining since fiscal 1984. This readiness enhancement will help support our force structure changes for the Army of excellence.

Specific categories for the increase are:

Five hundred to expand the civilian substitution program which frees up soldiers to return to their parent units;

Another 500 to improve the management of ammunition supplies in Europe;

Another 300 for specialized medical care, to include quality assurance, and to recapture the medical workload now being handled by the more costly CHAMPUS program:

Another 1,300 to expand the training to accomplish our fiscal 1986 training program;

And finally, 2,100 for force modernization and restructuring to sustain the new equipment and weapons systems during and after initial fielding.

REDUCTION IN MILITARY AND CIVILIAN SUPPORT PERSONNEL

The Senator's third proposal calls for a 10-percent reduction in military and civilian support personnel. These are categorized as auxiliary and support. I am sure that there will be discussion as to precisely what is meant.

But I would ask that we look clearly at what the Army is doing under the 780,800 ceiling. From fiscal 1985 through fiscal 1986, the active Army will add 10 maneuver battalions and 5 field artillery battalions. Ten air cavalry troops convert to the heavy division structure, and special operations forces are also increasing.

Any force decrements would have to be evaluated within the context of the total Army, that is, active and both Reserve components. The reason for this is that there is a certain balance of forces required to meet our strategic commitments and to maintain our current capabilities.

Our support structures are already at critical minimums. Nondivisional combat support units are manned at 90 percent, or ALO-2, and nondivisional combat service support units are manned at 80 percent, which is ALO-3. The combat support and combat service support shortfalls are projected at over 180,000 spaces. These are required but unresourced units, known as component 4.

To offset critical shortages in combat support and combat service units, the Army is studying a standardization of its TDA structure at all bases and the possibility of civilianizing or contracting some military spaces in TDA organizations to fill shortages in our tactical units.

A cut of 10 percent in our civilian structure arrives at about 40,000 people. The reduction of these 40,000 from the current civilian force will impact on initiatives to improve management of spare parts, to expand the use of our reserve component technicians, and to implement civilian substitution initiatives—all very critical.

Also, it would reduce the current levels in core logistics functions; and finally, it would reduce current levels in base operations functions, and unfortunately probably drive up the use of diverted military personnel, because the posts just must run.

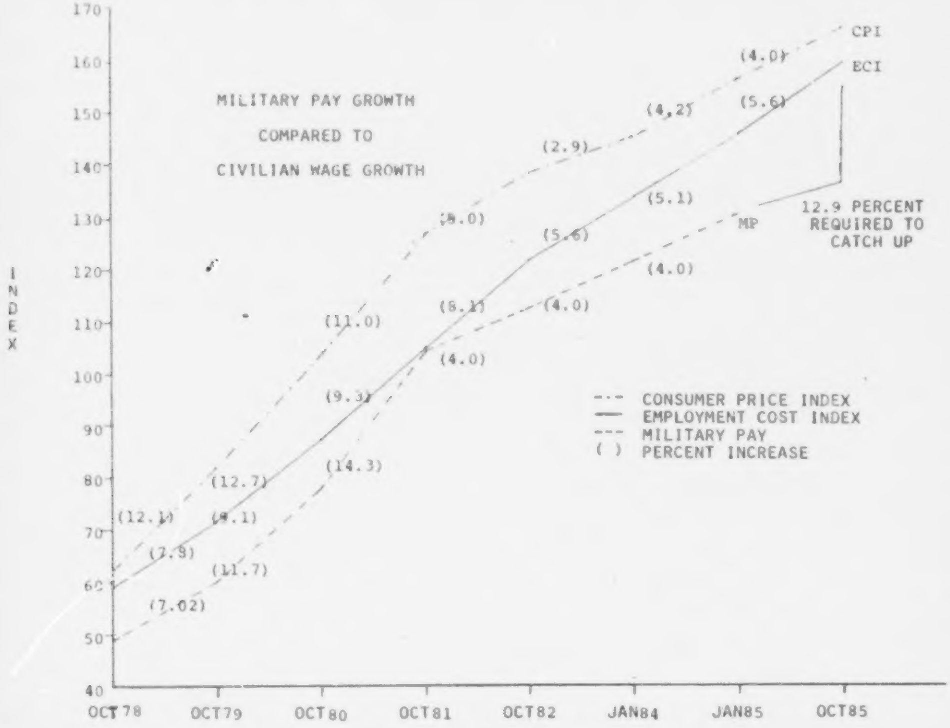
We are certainly prepared to examine reductions wherever you direct. As technology allows, perhaps supporting forces can be reduced still further. However, we will continue to strive for a balanced combat/combat support capability.

[The prepared statement of General Elton follows:]

Prepared Statement by Lt. Gen. Robert M. Elton, Deputy Chief of Staff for Personnel, U.S. Army

Thank you, Mr. Chairman. It is a privilege for me to appear before you today. I would like to tell you what I feel would be the effect of Senator Rudman's proposals and what the army is doing to achieve a better, more capable Army.

The Senator's first proposal is to forgo a planned 3-percent pay raise in July 1985. Military compensation is now well behind civilian compensation. This lag is calculated based upon regular military compensation—base pay, BAS, BAQ, VHA, and Federal tax advantages are considered. With no pay raise we will fall to 12.9 percent below comparability. The effects of such a wide gap have been predicted based upon experience. In fiscal year 1980 we were 7.3 percent below comparability. That was a very bad year for recruiting, and many smart NCO's and officers left for greener pastures in the civilian economy. With no pay raise, we can expect to lose 6,000 smart NCO's over the next five years.



An adequate defense will require us to replace this loss of experienced soldiers. We will have to access and train their replacements. Both accessing and training cost money. Then we have trained junior soldiers, not experienced leaders. That takes time. This issue is further complicated by the fact that lower pay is a distinct disincentive to smart potential recruits. The quality of the force, something we have struggled long and hard to attain, will suffer.

The Army has and will maintain a zero growth end strength of 780,800. This was a carefully reasoned decision to shape a highly professional, combat ready Army with streamlined structure, quality soldiers, and advanced technology equipment. Corollary to this was the decision to modernize and streamline the capability of our Reserve components and to ruthlessly eliminate military spaces and replace them with civilians wherever possible. We have been able to do this thanks to the steadfast support of the Congress. As the Reserves do not appear to be an issue, I will speak only of our civilian strength growth.

In 1986, although we will expand our civilian component by just under 4,700 employees, our real growth in budgeted work years does not grow. In fact, it has been declining since fiscal year 1984. This readiness enhancement will help support our force structure changes for the Army of excellence

Specific categories for the increase are:

500 to expand the civilian substitution program to free soldiers to return to their primary jobs.

500 to improve management of ammunition supplies in Europe.

300 for specialized medical care, to include quality assurance, and to recapture the medical workload now being handled by the more costly CHAMPUS program.

1,300 to expand the training and accomplish the fiscal year 1986 training program. Specifically, we will expand training courses for mid-level NCO's, reduce backlogs in doctrine development and provide instructors and support personnel to enable fielding of new equipment and weapons systems.

2,100 for force modernization and restructuring to sustain new equipment and weapons systems during and after initial fielding.

Senator Rudman's third proposal calls for a ten percent reduction in military and civilian support personnel—these categorized as "auxiliary" and "support."

I will not belabor the inappropriateness of citing the size of these categories as evidence of fat that can be cut. There are combat soldiers in these categories, and all other personnel contribute to combat success.

What the Army is doing in this area is important. From fiscal year 1985 to fiscal year 1986 the Active Army will add ten maneuver battalions and five field artillery battalions. Ten air cavalry troops convert to heavy division structure.

This will be accomplished without growth in end strength.

As technology allows, supporting forces can be reduced still further. In some cases we have been able to inactivate AC units, or cancel planned activations, and transfer some support unit missions to the Reserve components.

For example: Fiscal year 1985—1 Cbt Hvy Engr Bn(-); 2 Flt Bridge Co. Fiscal year 1986—2 Med Clr Co. Fiscal year 1987—1 Cbt Spt Hosp; 2 Ambl Co; 5 Cargo Doc Tm; 1 Flt Bridge Co.

Mr. Chairman, the men and women of the Army, be they categorized as "combat" or "support", contribute to landpower. They also know that combat in any future conflict can easily come to them wherever they are.

Senator **Wilson**. Thank you very much, General Elton.

Next we will hear from Vice Adm. William P. Lawrence, Deputy Chief of Naval Operations for Manpower, Personnel, and Training. Admiral Lawrence?

STATEMENT OF VICE ADM. W.P. LAWRENCE, U.S. NAVY, DEPUTY CHIEF OF NAVAL OPERATIONS FOR MANPOWER, PERSONNEL, AND TRAINING

Admiral **Lawrence**. Mr. Chairman and members of the subcommittee, Senator Rudman:

I appreciate the opportunity to represent the U.S. Navy at this hearing. I will submit a full statement for the record, make some brief comments, and then be available to answer questions. But before I comment specifically on the impact of Senator Rudman's proposal on the Navy, I would like to briefly outline what has occurred in the Navy from a manpower perspective over the past 4 years.

NAVY MANPOWER STRETCHED THIN

In fiscal 1980, with an end strength of 517,000, our manpower resource was stretched thin. Our most talented officers and petty officers were leaving in large numbers and combat readiness of ships and squadrons was unacceptably low.

In 1981, our Nation embarked on a naval force expansion that will culminate in a 600-ship Navy by the end of 1989. Since that time, we have increased our end strength to the 571,300 authorized this year. Of that 54,300 increase, 30,000 has been in sea billets, which has resulted in marked increases in the readiness of our ships and squadrons. For example, in 1980 52 percent of our ships and 70 percent of our squadrons were rated as no more than marginally combat ready due to personnel considerations. In fiscal 1984, only 6 percent of our ships and 32 percent of our squadrons were in that category.

We are improving, but we still have a great way to go. Today we have 93 percent of the manpower required to support a 600-ship Navy. Our goal is an end strength of 614,000 by fiscal 1990. With this end strength, we will have increased the Navy's manpower by 97,000 during the 1980's, about a 19-percent increase.

During this same period, our ship numbers will have grown from 479 to 605, about a 25-percent increase. We have been able to constrain the rate of personnel growth below that of the growth in the number of ships, principally through improved productivity in our support organizations.

Roughly 62 percent of our manpower growth will go to sea billets. From 1980 to 1990, the combat to support ratio in our personnel billets will increase from 1.54 to 1.85. We feel that our Navy is a lean, operationally oriented force today and will be increasingly so in the future. So Senator, I think in many respects we are fulfilling the spirit of your proposal.

Against this background, our fiscal 1986 budget requests a net end strength increase of 15,000. Of this increase, 14,500 is budgeted for strategic, tactical, and mobility forces. That is the cutting edge of the Navy, our operational combatant units. An additional 4,000, 50 percent of which perform medical functions, goes to units with direct fleet support missions.

To remain within a net growth of 15,000, we have reduced the number of personnel in the auxiliary support category, those that are in our training and transient status, by about 3,500. We feel that this is a real increase in our efficiency and direct reductions in support personnel.

NAVY CIVILIAN MANPOWER

On the civilian manpower side, we are requesting an increase of 1,400, which will be allocated to improved physical security to combat the increased terrorism threat, increased aviation maintenance requirements, and improved procurement and acquisition management.

The Senator proposes that the military and civilian manpower growth requested in the fiscal 1986 budget be eliminated. We feel that this action would result in a marked decrease in the readiness of our ships and squadrons. Based on our experience with personnel readiness, a 1-percent decrease in authorized strength as a percentage of requirements results in about a 3-percent decrease in the number of units reporting combat readiness.

Senator Rudman's proposal would reduce our ship and squadron authorization-to-requirement percentage from a projected 93 percent to 89 percent, resulting in a 12-percent decrease in the number of ships and squadrons reporting combat ready. In essence, the proposed end strength freeze would negate much of the personnel readiness gain that we have worked so hard to achieve over the past 4 years with your very fine support.

The Senator also proposes that a 10-percent reduction be taken in billets categorized as support. This would mean a reduction of about 17,000 billets for the Navy and, combined with an end strength freeze, would reduce our end strength to about 554,000.

This was our end strength in fiscal year 1982 when we had 513 ships and significantly lower readiness levels. Today we have 542 ships and we feel we simply cannot absorb the manning for 29 ships without an unacceptable readiness impact.

Since the Senator has defined all DOD civilian manpower as support personnel, a 10-percent reduction of the fiscal year 1985 Navy civilian manpower level would mean a reduction of about 31,000 positions. This would reduce civilian staffing to its lowest point since the post-World War II low in 1950. The proposal would eliminate the civilian manpower growth which has been accomplished since 1980 in support of the administration's initiatives to improve overall defense readiness, supply support, and the weapons systems acquisition process.

MILITARY PAY RAISE

The Senator also proposes eliminating the July 1, 1985, 3 percent military pay raise. The chart which I have distributed to the members displays what has happened to military pay in relation to both the CPI and the employment cost index, an index of wage growth in the private sector. It is clear that the 11.7-percent and the 14.3-percent pay raises of fiscal years 1981 and 1982 were necessary to regain comparability with the ECI. Since that time, three successive pay caps have resulted in an increasing gap between military and private sector pay.

Our projections indicate that eliminating the July 1 pay raise will result in the loss of about 23,000 careerists between now and 1990. We know that we can only push our people, particularly in terms of sea duty and family separation, so far before they begin to leave the Navy.

In summary, we certainly respect and admire Senator Rudman's sincere desire to reduce our budget deficit. I think his proposal deserves our very thoughtful and serious consideration, and I assure you, Senator, that we will be very happy to engage in further dialog and provide any information that you desire.

We feel, as we learned so painfully in the decade of the eighties, that if these end strength and pay raise proposals were enacted, the results would be an immediate degradation in readiness and ultimately higher downstream personnel costs in the form of increased recruiting, training, and retention resources.

I thank you for this opportunity to comment on this vital issue, and I will be happy to answer subsequent questions.

[The prepared statement of Admiral Lawrence follows:]

PREPARED STATEMENT OF VICE ADM. WILLIAM P. LAWRENCE, U.S. NAVY, DEPUTY CHIEF OF NAVAL OPERATIONS FOR MANPOWER, PERSONNEL AND TRAINING

Mr. Chairman, Members of the subcommittee, I appreciate the opportunity to testify today on Senator Rudman's proposal regarding our military manpower force structure.

Before I comment specifically on the impact Senator Rudman's proposal would have on the Navy, I would like to briefly outline what occurred in the Navy from a manpower perspective over the past four years. In fiscal year 1980, with an end strength of 517,000, our manpower resource was stretched thin, our most talented officers and petty officers were leaving in large numbers and combat readiness of ships and squadrons was unacceptably low. After this administration took office, our Nation embarked on a naval force expansion that will culminate in a 600-ship Navy by the end of 1989. Our manpower challenge was to support this growing Navy while simultaneously recovering from the devastating petty officer shortages which had reached crisis levels. Since that time we have increased our end strength to the 571,300 authorized this year. Of that 54,300 increase, 30,000 has been in sea billets, which has resulted in marked increases in readiness of our ships and squadrons. For example, in 1980, 52 percent of our ships and 70 percent of our squadrons were rated as no more than marginally combat ready due to personnel considerations. In fiscal year 1984, only 6 percent of our ships and 32 percent of our squadrons were in that category.

Today we have 93 percent of the manpower required to support a 600 ship Navy. Our goal is an end strength of 614,000 by fiscal year 1990. With this end strength, we will have increased the Navy's manpower by 97,000, during the 1980's, a 19 percent increase. During this same period, our ship numbers will have grown from 479 to 605, about a 25 percent increase. We have been able to constrain personnel growth below the growth in ships through improved productivity in our support organizations. Roughly 62 percent of our growth will go to sea billets. From 1980 to 1990 the combat to support ratio in our personnel billets will increase from 1.54 to 1.85. Presently over 50 percent of our personnel spend more than 4 years on sea duty for every 3 years ashore. The Navy today is a lean, efficient, operationally-oriented force and will be even more so in 1990.

Against the background, our fiscal year 1986 budget requests a net end strength increase of 15,000. Of this increase, 14,500 is budgeted for strategic, tactical and mobility forces. An additional 4,000, 50 percent of which perform medical functions, goes to units with direct fleet support missions. To remain within a net growth of 15,000, we have reduced our individuals account, those personnel in a training or transient status, by about 3,500. On the civilian manpower side, we are requesting an increase of 1,400 which will be allocated to improved physical security, increased aviation maintenance requirements and improved procurement/acquisition management.

Senator Rudman proposes that the military and civilian manpower growth requested in the fiscal year 1986 budget be eliminated. This action would result in a marked decrease in readiness of our ships and squadrons. Based on our experience with personnel readiness, a 1 percent decrease in authorized strength as a percentage of requirements results in about a 3 percent decrease in the number of units reporting combat ready. Senator Rudman's proposal would reduce our ship and squadron authorizations to requirements percentage from a projected 93 percent to 89 percent, resulting in a 12 percent decrease in the number of ships and squadrons reporting combat ready. In essence, Senator Rudman's proposed end strength freeze would negate much of the personnel readiness gain that we have worked so hard to achieve over the past 4 years.

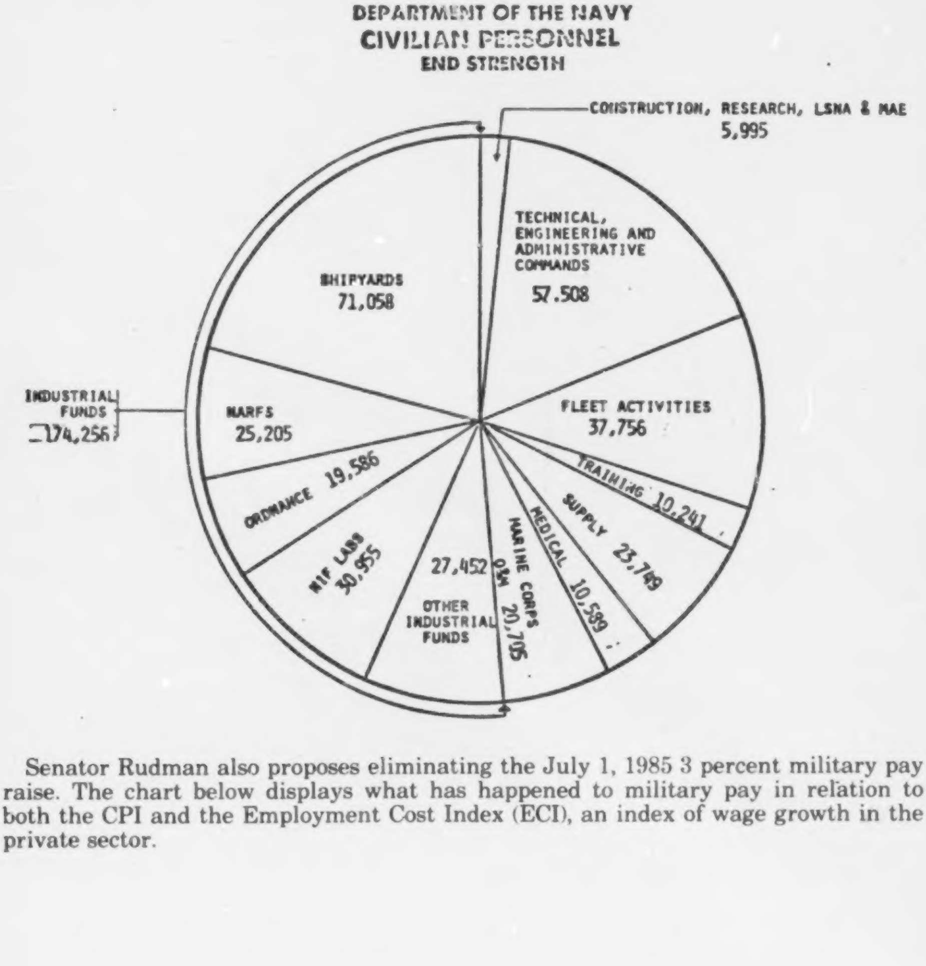
Senator Rudman also proposes that a 10 percent reduction be taken in billets that he categorizes as support. This would mean a reduction of about 17,000 billets for the Navy, and, combined with an end strength freeze, would reduce our end strength to about 554,000. This was our end strength in fiscal year 1982 when we had 513 ships, and lower readiness levels. Today we have 542 ships. We simply cannot absorb the manning for 29 ships without unacceptable readiness decreases.

Additionally, Senator Rudman's statistics regarding percentages of personnel in "support" vice "combat" categories were derived from the DOD Occupational Conversion manual which categorizes our manpower resources in relation to corresponding civilian occupations. Using this classification system to make "combat to support" comparisons produces misleading conclusions. For example, using this breakdown for the crew of a Navy ship would place only Boatswain's Mates, Gunner's Mates and Quartermasters in the combat category. It is clear, however, that without the engine room, communications, repair, electronics, medical, and logistics personnel that made up the crew, a Navy ship could not get underway, operate or engage in combat. When that ship goes in harms way, each crewmember, regardless of his occupational classification, has a battle station. For example, cooks serve on damage control parties, yeomen act as bridge phone talkers and seamen load ammunition. All crewmembers are exposed to essentially the same combat risks. On a Navy ship everyone is a front line fighter.

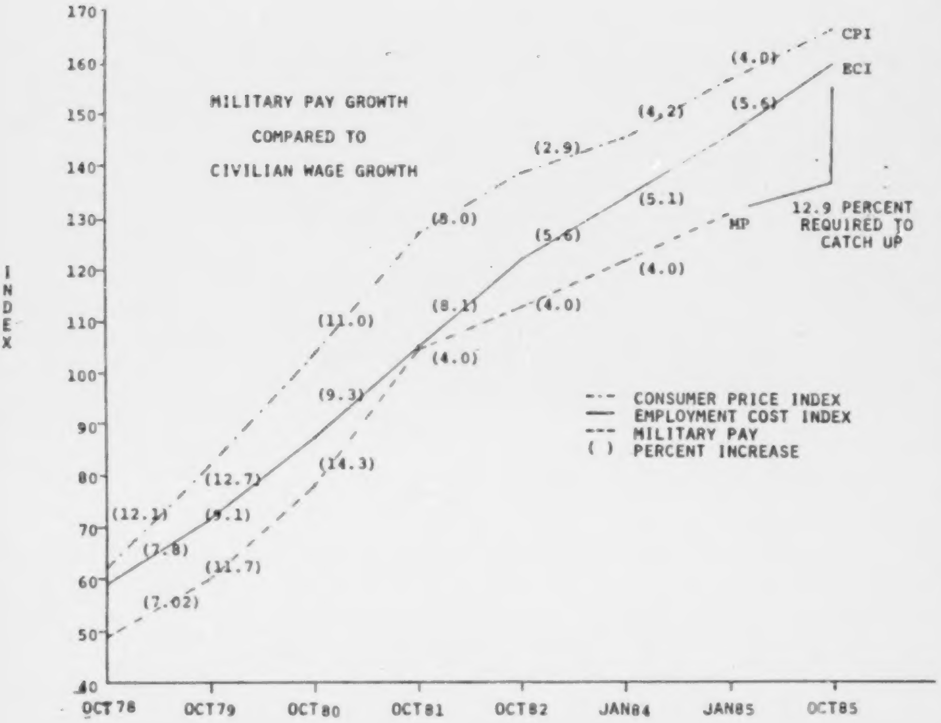
Another way to categorize Navy support billets is to include those billets that fall within the Auxiliary and Support categories as defined by the Defense Planning and Programming Categories. Most of these billets exist at CONUS and over seas shore locations. They include medical, logistics, training, intelligence and communications functions. It is important to note that billets in these categories have only increased by 5,000 or 5 percent since fiscal year 1981. Further, when faced with end strength reductions the past three years, we have opted to take the bulk of these reductions from shore billets in order to maximize fleet readiness. We have reached the point where further shore reductions become extremely counterproductive. Our ability to provide the fleet with logistics, intelligence and medical support will diminish markedly, and lead directly and rapidly to reduced readiness.

Since Senator Rudman defines all DOD civilian manpower as support personnel, a 10 percent reduction of fiscal year 1985 Navy civilian manpower levels would mean a reduction of about 31,000 positions. This would reduce civilian staffing to its lowest point since the post World War II low in 1950. The Rudman proposal would eliminate the civilian manpower growth which has been accomplished since 1980 in support of the Administration's initiatives to improve overall defense readiness, supply support, and the weapons systems acquisition process. The proposed staffing reductions would endanger our ability to achieve and support the 600-ship Navy.

A reduction of this magnitude in civilian manpower levels will have a direct and adverse impact on fleet readiness since over half of Department of the Navy (DON) civilians are employed in Navy Industrial Fund activities providing direct fleet support to operating units. A functional breakout of DON civilians demonstrates this point.



Senator Rudman also proposes eliminating the July 1, 1985 3 percent military pay raise. The chart below displays what has happened to military pay in relation to both the CPI and the Employment Cost Index (ECI), an index of wage growth in the private sector.



It is clear that the 11.7 percent and 14.3 percent pay raises of fiscal year's 1981 and 1982 were necessary to regain comparability with the ECI. Since that time three successive pay caps have resulted in an increasing gap between military and private sector pay. We know that without adequate compensation we will be unable to retain the highly trained men and women who now fill our petty officer ranks. Our projections indicate that eliminating the July 1 pay raise will result in the loss of about 23,000 careerists over the next few years. We know that we can only push our people, particularly in terms of sea duty and family separation, so far before they begin to leave the Navy.

In summary, we certainly respect and admire Senator Rudman's sincere desire to reduce our budget deficit. He has proposed manpower reductions because virtually every manpower dollar is expended in the budget year and reductions, therefore, result in direct deficit reductions. We feel that this is an impractical approach to budget control. As we learned so painfully in the decade of the 1970's, if his end strength and pay raise proposals were enacted, the result would be immediate readiness degradations and ultimately higher downstream personnel costs in the form of increased recruiting, training, and retention resources.

The Navy operates on the front lines of a global environment characterized by a continuum of potential conflicts and violence. As a consequence, the conditions of service for our Navy personnel are unique. High tempo, far flung operations demand an exceptional degree of unit self-sufficiency and the support structure to maintain it. Sufficient numbers of properly trained and experienced people, in both at-sea and crucial fleet support shore billets, are essential to combat readiness and war fighting capability.

Senator WILSON. Thank you.

Senator EXON. Mr. Chairman, I have to leave for a codeword briefing on submarines. I wonder if I might just ask one quesiton of the Admiral now.

Senator WILSON. All right.

Senator Exon. Admiral, in your opinion, what effect would Senator Rudman's proposal have on our sea-to-shore rotation for sailors. This is a big concern which we have talked about over the years. And second, would not Senator Rudman's proposal make it almost impossible to have the manpower to man that new battleship which would be coming on line?

Admiral Lawrence. We would have to very carefully assess how we would accommodate the end strength freeze, as well as a reduction. There is no question that we are at the point now where we would have to reduce manning for both our ships and our support side, because we feel that our support structure in the Navy today is so lean that we cannot draw it down any further without serious impacts on fleet readiness and seashore rotation.

Under our present structure, more than 50 percent of our career force billets are programmed for a sea tour of 4 years or greater before rotation to shore duty. Since this rotation requirement is a function of the number of people we have to man these billets, reducing our strength would definitely have a quality of life impact.

Senator Exon. But you will not say that we would not have the sailors to put on that battleship?

Admiral Lawrence. To properly answer that, I think you have to assess what is in the national interest. In my judgment national security dictates that we return these battleships to the force because of the contribution that they make. Therefore, we would have to find a way to man and operate those ships in the interest of the national security.

Senator Exon. If the Navy can still man those battleships, it sounds to me like the pinch Senator Rudman proposes is not as much of a pinch as some of the military leaders have been leading us to believe. But I would be glad to discuss it with you further.

Thank you, Mr. Chairman.

Senator Wilson. Thank you, Senator Exon.

Next we will hear from Lt. Gen. Duane Cassidy, who is the Deputy Chief of Staff for Manpower and Personnel for the U.S. Air Force. General Cassidy?

STATEMENT OF LT. GEN. DUANE H. CASSIDY, U.S. AIR FORCE, DEPUTY CHIEF OF STAFF FOR MANPOWER AND PERSONNEL

General Cassidy. Thank you, Mr. Chairman and members of the subcommittee and Senator Rudman.

It is my honor to be here once again and represent the U.S. Air Force. I see my purpose in being here is to give you some feel for the impact that this proposal will have on the Air Force, and certainly, I assure you, there will be an impact.

I recognize and appreciate Senator Rudman's objective. I had the opportunity to discuss some of that with him, and we share the same objective—to maintain a strong defense, and that is both of our goals, without harming the strategic, tactical and mobility forces. But we also share some of the same frustrations.

AIR FORCE PEACETIME MANPOWER SHORTFALL

My analysis shows that, without doubt, the areas of strategic, tactical, and mobility forces within the U.S. Air Force will be severely hurt with such a proposal. To put this in perspective, if I could, let me start where we were before the proposal came in—or with the 1986 budget. The 1986 budget comes on the heels of an existing 23,000 manpower deficit, and that is a peacetime shortfall within the Air Force.

So we enter this era already 23,000 short, a deficit in functions like security police, civil engineering, those sorts of support functions we have been talking about. These also have a 127,000 shortage at peak wartime demands. So somewhere between the 23,000 and 127,000 shortfall exists before the proposal was made.

So I just want to make sure that it is understood that we are not dealing with the proposal in a vacuum. We come to that with an existing situation that has been difficult to deal with.

The effects of the existing situation are apparent to me as I go around the U.S. Air Force. More and more people are just simply working longer hours. I can tell you as a recent commander that our people out there are not just working 40-hour weeks.

And some of the comments we have heard about "fat" and about an excess number of people are certainly in different outfits than I have commanded. The people that I saw and the people in the wings that I have commanded would say to you very glibly, sir: Sir, we are down to half days now; we are only working 7 to 7. It is a fact that we have many people that work many, many long hours and more than 5-day weeks.

Our past few years we have not received sufficient manpower to field the approved weapon systems that have been authorized by Congress. Now, we have not failed to field these new weapons systems. What we have done is to compensate for manpower needs in the strategic, tactical, and mobility areas. We have had to dip into the support base already stretched too thin. So the support base that we are talking about is stretched thin now.

Now, the combination of the two reductions—that is the 10-percent cut in support and auxiliary forces and the denial of the planned growth—would cut the U.S. Air Force 78,000 people. This would reduce the Air Force strength to the lowest level since before the Korean conflict.

So I must make it a matter of record that a reduction of 78,000 will affect the total U.S. Air Force and the combat capability that we are here to give you. The cut would include, in fact, 10,000 in the strategic, tactical, and mobility areas which the Senator has specifically attempted to exclude. But the fact is that there will be 10,000 people come out of the forces because we are denied the civilian and military growth for which we are asking.

The 1986 growth includes offsets in changing resources mix for improved effectiveness. There is civilianization to reduce blue suit strength. The growth also includes 1,200 Air Reserve technicians to support the expanding role of the Air Reserve Forces. So, we would not be able to increase in those areas that we are increasing in to be more efficient, and so therefore the impacts become more apparent.

Believe me, sir, our first priority is to be prepared to fight and win, and we can do that. We have placed our heaviest emphasis in the combat and direct support needs. For example, from 1980 to

1986 strategic, tactical, mobility forces grew twice as fast as compared to all other forces in the Air Force.

Most of the growth in the other forces is in intelligence, communications, security, and medical care. This occurs at a time when Air Reserve Forces are increasing at more than double the rate of the Active Force. Denied growth in this, then, would directly impact planned improvements in force mixes, and would affect indeed our overall long-term planned force mix. So reduction in those areas or inabilities to grow in those areas would affect some of the adjustments we have been attempting to make over the years for strictly economic reasons.

Now, while all of the effects of the proposals are not known and although it is much easier to deal with specific numbers of cuts like my 78,000 figure, I believe the real red herring here is somewhere beyond those specific numbers, and that is in the quality of life of our people. And I can assure you there will be a change in the quality of life, most certainly.

It is threatened directly by cutting people without a corresponding reduction in work load—one person does the work of one and a half. Things we have worked hard to improve and had your support on for our people will deteriorate. Family support centers, drug-alcohol programs, MWR, all will bear the brunt of cuts as we are faced with them.

These reverses will make our Air Force less attractive, no doubt about it. Recruiting and retention will suffer to some degree, which I cannot measure at this time, but it will most certainly drive the costs of the Air Force operation up.

PAY AND BENEFITS

Now, the key factor, as has been mentioned by several people, in improving quality of life is the pay and benefits. The proposed 3 percent pay increase for July is essential.

Now, I do not look at the pay increase as a pay raise because it really is no increase in the buying power of our men and women in uniform. Indeed, it just barely keeps up with inflation, so we are not asking for an increase in buying power. It is merely something to stay with inflation. So in fact, if that is denied, the buying power of our people will be reduced by something around 3 percent.

We are concerned with the adverse effect this proposal will have on our direct combat capability, and there will be adverse effect, sir.

I would be happy to answer questions on those specific areas.

[The prepared statement of General Cassidy follows:]

Prepared Statement of Lt. Gen. Duane H. Cassidy, Deputy Chief of Staff, Manpower and Personnel, U.S. Air Force

Mr. Chairman, Members of the subcommittee, and Senator Rudman; it is my honor to be here today representing the men and women of the United States Air Force.

The Air Force is a high technology organization more ready and better prepared than ever. This is in large part due to the support we've received from Congress and the American public—your collective interest and support have encouraged our Nation's finest young men and women to join us. Without quality people, the most modern and sophisticated equipment and weapons systems are of little value. Fundamentally, it's the quality of our people that makes the Air Force such an effective combat arm. The Soviets have already shown they can "reverse-engineer" even our most sophisticated and modern equipment, but they can't reverse-engineer the intelligence, the spirit, and the commitment of the American men and women who voluntarily serve their country. That will remain our primary advantage—our "qualitative edge".

One of the key factors which has enabled us to build the quality of our force is improved pay for our people. The administration's proposed three percent military pay raise is less that we would like but it is a fair and effective raise, in that it will largely offset projected inflation in fiscal year 1986 and, in recognition of the present fiscal climate, it is the minimum increase which we believe is necessary to sustain our recruiting and retention momentum and ensure the quality and numbers of people we need to maintain a high state of readiness.

Senator Rudman's proposed manpower reductions would severely threaten the qualitative edge we've worked so hard to gain. Not only would they deny essential force structure and readiness-related growth, but they'd further erode a support base that's already stretched too thin. Right now, the Air Force is experiencing a 23,000 manpower shortfall. To further reduce our active strength by over 78,000 would place us at a force level lower than any year since before mobilization for the Korean conflict.

I share the Senator's concern that we must not weaken our forces or readiness, but I cannot agree that the proposal will leave our essential functions unscathed. I am aware of the data displays used as the basis of the proposal; unfortunately, categories used for administrative purposes have been misleading. They do not provide an assessment of Air Force readiness or combat capability. For example, our "support" forces include many functions that are critical to effective training and operations such as combat crew training, runway maintenance and repair, and air traffic control. And "auxiliary" forces include all central intelligence gathering and analysis activities, and operations and maintenance of long-haul communications.

Believe me, we know our first priority is to be prepared to fight and win. We have placed combat and direct support needs at the top of our list. That emphasis is obvious even when using the administrative categories previously mentioned. For example, from fiscal year 1980 to 1986 our strategic, tactical, and mobility forces grow twice as fast as our auxiliary and support forces. And most of the growth in the latter two areas has been in intelligence, medical, and communications. This occurs at a time when our Air Reserve Forces are increasing at more than double the rate of the active force. Denied growth would directly impact planned improvements in these priority areas.

Significant manpower cuts would also place at risk recent cost reduction improvements in acquisition and logistics management. Cuts in areas such as inventory control and installation maintenance could be false economies; in fact, long-term costs may well exceed short-term savings. People programs such as Family Support Centers (which we have fought long and hard to gain) become prime targets in order to allow full funding of essential training and maintenance functions.

Quality of life is also threatened by people reductions with a changing workload. Our people and their families suffer. One person must do the work of one and a half, and we have highly qualified, dedicated people who do that until . . . until the pressure, long hours, and toll on family life peak. Then it's too late. We've lost a trained person, a key element in Air Force readiness.

I am seriously concerned about the adverse impact such a proposal would have on our force, and I look forward to discussing its impact in more detail.

Senator **Wilson**. Thank you very much, General Cassidy.

And finally, we will hear from Brig. Gen. James M. Mead, the Director of Manpower Plans and Policy Division of the Manpower Department of the U.S. Marine Corps. Go ahead, General.

STATEMENT OF BRIG. GEN. JAMES M. MEAD, U.S. MARINE CORPS, DIRECTOR, MANPOWER PLANS AND POLICY DIVISION

General **Mead**. Mr. Chairman, members of the subcommittee:

It is a pleasure to present Marine Corps views on the issue before you today, that of Senator Rudman's proposed changes in the fiscal year 1986 defense request. In the interest of saving time, I would like to summarize my full statement, which has been provided for insertion in the record.

Let me assure you, sir, that the Marine Corps sincerely shares Senator Rudman's concern regarding the Federal deficit and unequivocally agrees that we cannot afford to reverse our course of success or risk undoing the considerable progress made in recent years in strength, readiness, and modernization of the Armed Forces. And specifically for that reason, we cannot support the proposed changes under consideration today.

The Marine Corps could not accomplish the major force reductions required to implement the proposed changes without significant near and long-term readiness impacts.

A quality, modern, and ready Armed Force requires extensive personnel lead time and stable career force development. Accordingly, the Marine Corps developed and presented to Congress a long-term structure and manning plan in 1981 that was designed to build a more modern corps by fiscal year 1988. Supporting manpower increases were planned to coincide with delivery of modern equipment, which is progressing as scheduled in the procurement pipeline. The Marine Corps continues to follow this basic modernization plan, despite necessity to occasionally "do with a little less" in the area of manning. The unprecedented high level of retention, force stability, and quality recruiting in the last few years have allowed us to absorb small manning and program cuts without loss of readiness. But, we have reached the maximum economy in this area.

Perhaps the major reason for the difference in our assessment of the readiness impacts, sir, of these proposed changes lies in what I believe are fundamental misunderstandings of our force composition, training, and preparedness. I would summarize these areas simply by saying the corps is structured to facilitate deployment and mobilization; that we maximize use of all of our limited manpower assets; that marines are still "riflemen first;" that we remain focused on combat, which includes support; and that the Corps has never been more ready than it is today. This stable, long-term quality force should not be jeopardized.

And if I may, I would like to drop just quickly into the meat of the matter, since the proposal is really not cutting off my little finger, but getting into the muscle of my arm. When you talk about the proposed Marine Corps in fiscal year 1986, you are talking in terms of 199,500 tried and true.

Fortunately this discussion does not concern reductions in operating forces, our Fleet Marine Force [FMF], which is 120,440. The FMF is composed of the divisions, wings, and force support groups. By the way, the last element is 24,000 out of the total FMF. So "support" is rather light in the corps.

And then we talk about the rest. About 32,000 are in the individuals account consisting of patients, prisoners, transients, and trainees, leaving the meat of the matter, approximately 47,000, in the support establishment. What we are talking about in a 40-percent reduction in this establishment, after denial of growth—1,200 military and 400 civilians, is 4,700 plus 2,200 civilians for a total of 6,900.

Now to the 4,700 saved in the 10 percent reduction itself. Who are these 4,700? Almost 1,300 are security guards at embassies. Another 6,800 are in Marine barracks on naval bases and 1,500 are aboard ships, all of whom are taking care of highly sensitive equipment. Four thousand are devoted to recruiting, 9,000 to schools, and over 3,000 support the joint and international areas. So the meat of the matter comes down to about 22,000 supporting our bases and stations. The reality of it is, as my compatriots have said, that these jobs are going to be done, whether a cut is or is not imposed.

So what is the Corps going to do? If we are slicing in this area, we are going to take people out of the Fleet Marine Force, out of your muscle. We have got to man our quality of life programs and operational support areas like aircraft control towers. So what happens, sir, is that we decrement our operating force, putting those left on double duty. As a consequence, we will have a modern force that is now shifting jobs to subordinate areas performing support roles instead of training for combat. So, sir, that is the problem we associate with this proposal today; it, in fact, reduces readiness.

I am prepared to answer any further questions.

[The prepared statement of General Mead follows:]

PREPARED STATEMENT OF BRIG. GEN. JAMES M. MEAD, U.S. MARINE CORPS, DIRECTOR, MANPOWER PLANS AND POLICY DIVISION, MANPOWER DEPARTMENT

Mr. Chairman, distinguished Members of the subcommittee, it is a privilege to be allowed to present the Marine Corps concerns on the issue before you today, that of Senator Rudman's proposed modification of the fiscal year 1986 Defense request.

Let me assure you that the Marine Corps sincerely shares Senator Rudman's concerns regarding the federal deficit and its potential impact on the economic stability of this great nation. We agree that we cannot afford to reverse our course or risk undoing the considerable progress made in recent years in strength, readiness, and modernization. Restoration of our defenses to a level commensurate with global responsibilities has been an arduous task for which Congress and the Department of Defense can jointly share credit. But that task is not yet finished, and utmost care must be taken not to unravel what has been so carefully woven.

Although I would certainly grant that there would be some near-term savings in a proposal to eliminate pay raises or reduce strengths, the long-term costs of any major change in the programmed manpower plans both in reduced readiness and required corrective actions far outweigh these savings. A quality force takes time and long-term planning. Most new officers are committed to join the Marine Corps 3 to 4 years before entering, and almost 94 percent of the young people who enlist in the Corps today enter for 4 to 6 years. It takes years to replace a career Marine—you might say our people are "home-grown." We need to find and train four or five recruits, wait 4 years to see who has the talent and desire to continue with us, then wait an additional 4 or more years until he or she reaches the maturity and education level of the Marine who left 8 years before. Care must be taken with any action impacting on career force management because of the extensive replacement process and the resulting long-term reduction in readiness.

As a result of these long lead times and career force concerns, we have developed long-range plans to find, train, and retain the right number of Marines with the right skills, for assignment to the right place and at the right time. Our ability to execute these plans and fulfill the legal contracts and promises issued under them is dependent on continued annual Congressional support of our long-term, well-announced program.

I firmly believe that the Marine Corps has adequately articulated and documented its manpower requirements both annually and, beginning in 1981, as a long-term modernization plan. As I am sure you recall, in 1981 we announced a plan of deliberate, steady growth in Marine Corps structure designed to build a more modern active duty peacetime force by fiscal year 1988, with corresponding end strength increases programmed to support the new structure. Our end strength growth has been directly linked to modernization of the operational forces. In fact, 10,000 of the approximate 11,000 accumulative end strength growth from fiscal years 1981 to 1986 was directly applied to combat units.

Our only change in the announced plan has been in the area of manning, responding to congressional limitations and fiscal constraints. But as is the traditional Marine Corps approach, all changes have been to "do more with less."

The Corps has already made a major concession to the obvious fiscal constraints present today by a deliberate, self-imposed deferral of active duty end strength growth programmed for fiscal year 1986, asking only to grow to the level originally requested for fiscal year 1985. Despite this decision, we will continue to add the 3,800 planned structure increase, as much of that growth is tied to equipment already in the procurement pipeline. This decision reduces manning of the Fleet Marine Forces (FMF) to 88.4 percnet, a level acceptable only because of the quality and stability of the force today. Denial of the minimum 1,200 requested increase would further reduce manning to 87.7 percent as we attempt to simultaneously support legitimate new and old requirements. Unfortunately, it is not feasible to accommodate reductions without reducing the FMF, as non-FMF requirements are already maintained at the lowest possible level. The only other manning source, the individuals account (patients, prisoners, transients, and trainees), is a fact of life "cost of doing business." This category is continuously reevaluated to reflect minimum needs. In fact, improved quality retention and management have allowed us to reduce this account by over 3,000 since 1981, providing more manning to the operational force.

The Marine Corps takes issue with the underlying "bases" of Senator Rudman's proposal. The Marine Corps is not, nor has it ever been top heavy, does not over emphasize support, and will not accept less than a combat ready posture. Our Corps has never been more ready than it is today. This fact can be documented by monthly assessment of Corps-wide unit readiness that continues to remain at a high level despite disruptive modernization transitions and real world and exercise performance.

The maxim, "Marines are riflemen first," is as true today as it was in the days of the Continental Marine. With the exception of women Marines, who are exempt in compliance with national policy, all Marines receive combat training regardless of assigned occupational skill. The appropriate level of personal combat readiness for each Marine is continuously evaluated; physical preparedness and general military subjects proficiency are measured semi-annually, while weapon qualification is required annually. Basically, all Marines are expected to maintain readiness in both designated occupational skills and combat arts throughout their career.

The Defense Planning and Programming Categories used to develop the proposals under consideration are primarily Defense acccounting categories, which do not attempt to relate duties either to readiness or combat essentiality. Most of the skills listed under the auxiliary and support activites sections are, in fact, combat essential.

The word support has many meanings. In the Corps, we speak of support in terms of a service; that is, those who provide combat support or combat service support to the combat element. We also speak of support establishments. The dual use of this term is confusing. Those functions and Marines designated as combat support or combat service support—which include artillery, communications, armored vehicles, intelligence, and aviation—are, and always have been, combat essential and cannot be delinked from the force they support. Admittedly, necessity of the support establishment is less definitive to those outside of Defense. But in reality, the support establishment is essential both to our ability to perform day-to-day duties and to plan and pursue combat. Although less than one-sixth of the force is allocated to the support establishment, this category contains all of of major bases, stations, and headquarters; world-wide Marine Security Guards; joint and international community; Marine Barracks; recruiting and training support; and ship's detachment personnel. Extensive controls are already in effect to manage this community through ceilings, international and intergovernmental agreements, and oversight committees.

Leading our Marines is a well-trained, combat ready officer corps, maintained today at a ratio of 1 to 9 to the enlisted strength. That ratio has been maintained since 1799, although it has risen as high as 1 to 19 during enlisted-intensive periods of conflict. The Navy has assisted us to maintain this low ratio by continued direct support in medical, supply, and research areas. The Marine Corps has deliberately retained this conservative 1 to 9 ratio, accepting the limitations on our ability to meet national commitments in the joint arena and on reduced war planning capability. This ratio both supports minimum peacetime functions and provides for rapid, smooth mobilization expansion to a wartime posture.

The Marine Corps has imposed similar constraint in requesting general officer authorizations. Today, we have proportionally fewer general officers than we have had since 1970, and sincerely need more. Although our approved number has been as high as 79 during Vietnam, normally it has been between 60 and 70. Today, we are authorized 65 general officers. Our requested increase to 74 is needed and historically consistent. A reduction in this community is neither warranted nor feasible.

Our force, in general, could not easily absorb a major end strength reduction. Any major modification to the size of our force could be accomplished only by a combination of significant changes both in the recruit population and in the career force. For instance, the suggested reduction of approximately 5,000 in active duty end strength under consideration today would return the Corps to a 1982 authorization level, ignoring the actual addition of 8,400 legitimate structure requirements since that period. FMF manning would drop to approximately 85.8 percent, with significant personnel turbulence and reduced readiness in the operating forces. Prior service accessions would be limited to those with critical skills; less women Marines could be accessed; the non-prior service recruiting plan would be reduced by more than 1,500; reenlistments within the career force would be approved only for those with special skills, denying continued service to many who honorably and effectively serve; and 2,000 Marines would need to be administratively forced out of service before completion of their contract. Although the full impact of such a change would partly depend on timing and costing of the decision, clearly any major reduction of this kind would reduce readiness, morale, and stability of the force.

The Marine Corps follows a very stringent policy requiring that civilian personnel be used to meet needs of supporting establishments to the maximum extent practicable, consistent with documented requirements to use military personnel for reasons of law, training, security, discipline, rotation, or readiness. By design, our civilian personnel are only used in a support capacity external to the operating forces. Our policy permits more effective manning of the FMF by deployable Marines; improved training, readiness, and manpower sustainability; continuity in operations; and specialized expertise to the support establishment not otherwise available within the military community. This policy is both a cost-effective and prudent use of military and civilian resources. Our civilian personnel are an invaluable asset, allowing the Marine Corps to maintain a small but ready peacetime military force. In a very real sense, our civilians free Marines to focus on direct combat needs. The size and use of this community are reviewed annually in order to best manage and control this important resource. The requested 403 additional civilian increase in fiscal year 1986 is primarily earmarked for air field operations, logistics management and contracting, family service and safety programs, weapons management, firefighting, and automated data processing support. If the increase is disapproved, these duties will continue to be performed, only they will be performed by military personnel drawn from more preferred FMF duties. A further reduction of 2,200 in our civilian strength would result in a corresponding increase in military requirements in order to assume duties vacated in the required reduction in force action.

Another of the proposals under consideration today recommends elimination of the 3 percent pay raise planned for 1 July 1985. This pay raise was proposed in lieu of a larger pay raise in fiscal year 1986 and was designed not to restore pay comparability but to forestall further growth in the ever increasing gap between military and civilian pay. I would be hard pressed, in this era of quality recruiting and retention, to argue any immediate effect of an isolated change in compensation such as that proposed, but we cannot afford the long-term costs of losses in manpower or readiness of aggregate shortfalls in this area. Admittedly, the military has received pay increases amounting to more than 43 percent since 1981, but more than half of this increase was approved in fiscal years 1981 and 1982 in a deliberate attempt by Congress to restore pay comparability with the private sector. In fact, a rough comparability was achieved; however, it was lost the next year with imposition of the fiscal year 1983 pay cap. Subsequent pay raises have failed both to keep pace with the private sector pay growth and to reduce the evergrowing pay gap. Today, a 16.8 percent raise would be needed to recapture pay comparability. Pay comparability is not only fair, but necessary to attract quality individuals. Our ability to compete with the private sector for quality young Americans and to keep the quality Marines currently in the Corps depends on that pay comparability.

The Nation cannot afford the massive loss of the career military force, such as we experienced during the mid-1970's, nor the high costs of recovery. The Marine Corps needs every existing and requested military and civilian position to maintain our ready posture. It would be false economy to reduce our support base. The operating/support force team that we have built together with our military and civilian personnel in recent years is vital to continued readiness.

Although well-intended, I believe the proposal under consideration by the subcommittee, if adopted, would cause us to sustain a serious loss in readiness. As stated in testimony earlier this month, the Marine Corps today is the most combat ready force to have carried the name Marine. It is a force composed of educated, patriotic officers and enlisted Marines believed impossible to achieve not that many years ago. Our force is a product of long-term planning and constant supervision as we implement the modernization plan presented to you at the beginning of this decade. We cannot jeopardize the success we jointly have achieved by focusing only on near-term, monetary objectives. Accordingly, the Marine Corps cannot agree with Senator Rudman's proposed changes, although we look forward to working both with the Senator and this committee in defining alternative solutions which will allow the Marine Corps to maintain a ready, modern force within acknowledged fiscal constraints.

Senator WILSON. Thank you, General Mead.

Let me ask each of you to summarize. You have already been responsive in your direct testimony and your written testimony will, I repeat, be incorporated in full in the record. But let me ask you now to summarize how you would, if compelled to, however disagreeable you might find it to do so, how you would implement the Rudman proposal.

General Elton?

General ELTON. Sir, all parts of it or just one in particular?

Senator WILSON. Well, I know how you would implement the lack of the pay raise. So I am looking at the fact that you would get no increase and be requested to make a reduction of 10 percent in the noncombat, noncombat support.

Senator DENTON. How could he answer, because so much of the reduction could come out of DOD. I doubt if Senator Rudman intended that it come out of the services? How can you ask each of them to figure that out?

Senator WILSON. Well, I think that they are going to be compelled to do so, and they have been compelled to do so, to make a response. It is certainly true that not only Senator Rudman, but others of us, think that a considerable portion should come elsewhere.

But the whole purpose of this proposal, Senator Denton, is we are being asked to respond, if it is sustained by the full Senate, to a reconciliation instruction that is going to require us to do some things which I know to be imprudent. We are asking these gentlemen how they would deal with that necessity.

General ELTON. Let me try that. There are two major parts that face the Army in this particular proposal. One of course is a reduction of 10 percent to the support increment. As I mentioned earlier, we would have to take a look across the force structure to maintain our balance, so that we do not develop a pocket, if you will, of ineffectiveness of our forward deployed forces in light of our forces that are reinforcing.

As I mentioned earlier, our support structure is already at a critical minimum. Our nondivisional combat support is already at ALO-2 and nondivisional combat service support at ALO-3. So we would have to go into those particular structures, what is left, and see what is the proper disposition of additional support forces in order to maintain a capability to fulfill the commitments which in fact are those for the Army to fulfill.

With regard to the civilian work force of the cut, if in fact it is a full 10 percent of our total end strength, which adds up to about 40,000, we would have to look at those particular functions which are the least undesirable to cut. We would have to go in there and see which impact on our total capability, our morale and welfare capabilities and the handling of our total posts, camps and stations, and which impact the least.

That is the way we would have to do that.

Senator **Denton**. Mr. Chairman, both Senator Rudman and his aide here are saying that they do not insist on any particular number out of any service, ~~or out of~~ the services in general. Although I may not know anything, like Al Smith, that is what he is telling me.

Senator **Wilson**. Well, I think he will also tell you that it obviously has implications, or certainly the end strength does, that is clear. But I think that the reduction, while it is not specifically allocated to the services, is precisely to allow them the opportunity to tell us how, if it had to do it, how it would be least painful to them, that I am inviting their testimony.

Senator **Denton**. How many? They cannot answer if they do not know how many.

Senator **Wilson**. Well, General Elton's response to me, which told me something that I knew, which was that he is going to try to make it as little painful as possible. I do not blame him. That is what I would do in his shoes. That is clearly the response.

What I am trying to get at is, what functions would you reduce? Now, I cannot tell you at this point what the numbers would be either. My own inclination at this point is to think that, of all the services, the Navy is facing the most critical problem because of the fact that they have a special problem that has to do with sea duty. And I cannot also say that I would equate the active duty with the Selected Reserve requirements, and I do not know that Senator Rudman's proposal looks at that either. But this is what I am inviting you to do.

General **Elton**. Senator, before I turn the microphone over to Admiral Lawrence, there are two other things I would like to add. First, I mentioned earlier that we do have some very critical shortages in our combat support and service support area, in fact 180,000, which are required if we were to mobilize. Those are what we call component 4 elements that are just in shell and to be built in mobilization.

That means forces that have been inactivated put in a shell status, to be activated on mobilization. I think that that would have a tremendous impact on the Army, since we are in fact in what you called 2 weeks ago a surge mode.

You asked us if we could describe what we could do in a surge mode. Well, to me that is when you have more requirements than you have people. I know that all of you understand exactly what that means, and for us it just means that more people would be doing more things and not doing any of them as well.

Senator **Wilson**. Admiral Lawrence?

Admiral **Lawrence**. As I stated before, I think we would be presented with a real dilemma in the Navy. While we would have to seriously consider whether or not we would tie up ships, I feel that the need of our national security would demand that we not do that. Therefore, we would be left with the option of placing increasing demands on our people.

Senator WILSON. Let me ask you this, Admiral Lawrence, to focus on a specific that the Navy has already engaged in, and I commend you for responding to necessity, however unpleasant, by making a realistic response. The effort that you are making now with some of your Reserves to man some of the frigates is well known to the subcommittee.

What, in that regard, do you think the next step would be if you were compelled to actually suffer a reduction?

Admiral LAWRENCE. National security requirements dictate the operating tempo of the Navy. It is important that we have naval units deployed around the world, immediately available for use as required to defend our national interests.

Senator WILSON. It is on that point of the tempo of operations that I really want to concentrate. If you are required to implement the Rudman proposal, then I suspect that the answer in each of the services would of necessity be a reduction in operating tempo.

Now, there are certain things that you cannot reduce, but that is what I wanted you to really focus on and tell me where it would happen.

Admiral LAWRENCE. Operating tempo is, to a large degree, driven by world conditions.

Senator WILSON. It is especially, I think, for the Navy.

Admiral LAWRENCE. Our operating tempo is dictated more by world conditions than by the Navy's desire to deploy ships. We respond to the needs of national security. So if we reduced operating tempo, it would be to the detriment of national security.

I am inclined to think that we would do as we have done in the past, as we did in the seventies; we would reduce the manning of the ships, and we would work our people harder, because you simply need those ships deployed around the world. Of course, we would try to strike an intelligent balance between a reduction in our shipboard manning and our shore establishment support manning, so as to maintain the best level of readiness that we could under those conditions. But ultimately we would be forced to impact ship manning, because our support structure today is quite lean and we could not take further cuts without irreparable impact.

Senator WILSON. General Cassidy?

General CASSIDY. Well, starting from the premise of the 10-percent cut in the two categories, auxiliary and support, in trying to define those in my own mind, to try to find different words for them, I looked at auxiliary forces and the kinds of things that were in there as being really the support forces that enable us to employ the fighting forces. And the support forces are those that sustain the fighting forces.

So we would first see some real degradation in employment, direct employment capability. And although the Navy has the problem with the ships, our ship in fact is our base. We fight from our base. And so if you cut base operating support things, you will cut and reduce our ability to fight from that particular base.

So to take some specifics, tower operators, for instance, air traffic control. We would just close some towers down. We would close probably four of our new family support centers down, and not grow any more from where we are now, which I think is only about a quarter of where we should be in the 6-year period.

We would see that command and control and training would suffer. Those things that we have planned to enhance the use of the equipment that we are getting, command and control specifically, would suffer. We would be less efficient in command and control.

In research and development, I just do not know how to qualify that, sir. But I know for a fact that the research and development that we have done in the last few years has produced some things that are quantifiable. The F-15 is the safest fighter we have ever built, and just saving one F-15 in a safety mode, saving one or two, is very cost effective.

The F-16 has the ability, with its high tech capability to drop a conventional ordnance within 5 feet, and what that does is give you increased readiness and increased fighting power. The B-1B is on schedule and on cost. The C-141 which we modified had a cost underrun, which is unheard-of in this city.

People are solving our problems. People are causing successes in many of them. People are saving money. And so what we are talking about here is cutting the very thing that is creating savings for us.

If we were to do the reductions that we are talking about, we would have to have a civilian RIF and that is one of the most costly things. There would be not an ounce of savings from any of that. We would just eat that all up as we RIF'd the civilians, and we would have to do that. There is no way we can cut 78,000 people out of our force structure without having a reduction in force, a RIF.

Senator Wilson. You used that figure twice, 78,000. Senator Rudman, I do not recall precisely and I do not have the numbers in front of me, but what number were you looking at?

Senator Rudman. Well, I am going to have a few questions of my own, but let me simply say that I have the highest respect for the four gentlemen here. I know three of them, and they were not included in my caveat about knowing more than most of the people across the Potomac. I was referring to another select group who prepared the information I have in front of me.

These gentlemen are very knowledgeable. They have given us very good answers. I do, however, think that in talking about 75,000 people, we are not looking at the same areas.

To give you an example of what I am talking about, I would say that General Cassidy—and I know his record in airlift and what he did and what he says about his people, and I agree with him. But I submit to General Cassidy that there are 150,000 people in the Air Force Logistics Command and the Systems Command, 150,000 people—and I am not suggesting for a moment, Mr. Chairman, that we bring in the corporate world. I do not think they are much better.

I would say that the Air Force could take 5 of its top managers, some of those very bright people you have in the Air Force with degrees from the finest business schools in this country and go into the Air Force Systems Command, and I believe they could find 10,000 to 15,000 people amongst those 150,000 in those two commands, without affecting the kind of readiness to which you are referring.

I am also talking about, to pick up on Senator Denton's, comment, the 59,000 people in the Defense Logistics Agency, that I believe could take a 3,000 to 4,000 cut. I am not targetting the family centers, and I will submit for the record, and also to the four gentlemen, a number of agencies within the Navy, the Army, and the Air Force about which I refer. We have more difficulty, I will admit, with the Marine Corps because of the nature of what it does. But certainly, this can be done with the other three senior services.

General **Mead**. Thank you, sir.

Senator **Rudman**. I certainly will supply to you a list of some of your commands and some of the staffing in those commands, and submit to you that, maybe you cannot reach my 10 percent, but I think you can do a lot better than you are saying right here.

And the 75,000 to 76,000, Mr. Chairman, came from an analysis of defense agencies and some of the major logistic commands and materiel commands and management commands and unified commands within the armed services.

Senator **Wilson**. You were not planning on getting it all from the Air Force?

Senator **Rudman**. Certainly not, certainly not, nor exclusively from the Army or from the Navy.

Mr. Chairman, this has been a fascinating hearing. I want to continue, if I may, for one moment.

Senator **Wilson**. Go right ahead.

Senator **Rudman**. I have run the other numbers on zero percent growth. I hope that the people and our colleagues read this testimony, for I cannot and will not vote for zero percent growth or anything close to it.

The Senate and even more so in the House is a nuclear weapon compared to a peashooter, compared to what I am talking about. If you are going to have this much trouble with this proposal, I suggest to you that we are going to have a terrible time on our hands.

And I think the testimony before this subcommittee today is invaluable from the point of view not just of this proposal, with which I have no pride of authorship, I just hope it is a positive contribution, but I think in terms of what is being talked about in terms of what to do to the Defense Department this is mild.

This is bland compared to what happens with zero percent growth. And I say to you, Mr. Chairman, that I believe that the services are going to have to come forward to us and give us some constructive ways to reach some of these conclusions.

After all, we are talking $21 billion in budget authority and very close to that in outlays over the 3-year period, which buys an awful lot of readiness, an awful lot of procurement, a lot of family centers, a lot of direct support, which I am fearful will be the thing that will be cut unless there is some way to go with this proposal. That is the message I am trying to get across at this hearing, and I am sure these four gentlemen hear me.

General **Cassidy**. I certainly do, and the Senator and I have had some of this discussion already earlier today, which was very helpful to me.

I must go on record to say that we are already doing much of that, sir. We really are. We have a cost comparison program within the U.S. Air Force. Since 1981, we have looked at 7,300 spaces last year to either contract out or go civilian on, and we have approved 4,600 of those.

In the next 5 years we will look at several hundred thousand positions within the Air Force. And by functional review, if I may define that, is to look at each function, the medical function, the judge advocate function, the personnel function, and scrub that down man by man with efficiency experts.

So we are doing some of it. I think the Senator and we share the same frustrations and in fact, by God, we are doing that and we will continue to do it. What I am trying to put in context here is trying to—and I thought that was my job, of course, to define exactly what this proposal, with its negative growth, with the zero growth, with a 10-percent cut in certain areas and no pay raise, will do.

And the suggestion of the Senator is that it will not have effect on our readiness or our strategic capability, and I am here to tell you, sir, it is going to have some effect. There is no way you can take 78,000 people out of us today, in the next year or so, without having some effect on those things that we are both trying to keep inviolate. There is just no way to do that, the way it is structured.

Senator WILSON. Thank you, General Cassidy.

General Mead, or do you want to quit while you are ahead?

General MEAD. I in fact would like to do that.

Senator WILSON. One of the brightest things you can find around here, and it is in short supply, is someone who knows when to keep his mouth shut.

Senator Thurmond?

Senator THURMOND. Thank you Mr. Chairman.

I just have one question. There may be a little duplication, but I think it would be helpful to make you begin to think along these lines. Senator Rudman has a very incisive mind. He has worked on this matter a long time, and he is very sincere in what he is doing. So I do suggest that you consider his recommendation very carefully.

And the one question I have is, assuming that his recommendations were acted upon favorably—and I am sure all of them will not be, but assuming they were—what would be the greatest disruption from the standpoint of each of your services?

Which recommendation would bring you the greatest disruption of all and which would bring you the least disruption of his recommendations? General Elton?

General ELTON. Sir, for the Army it is the 10-percent reduction of the support forces and the civilian forces that causes us to really dig down inside and cause much greater turmoil than has already taken place.

Senator THURMOND. And what would you say the least disruption would be? You gave me the greatest.

General ELTON. Yes, sir.

Senator THURMOND. What would be the least disruption of his recommendations?

General ELTON. I think probably, based on the current retention that we have, it would quite possibly be the loss of pay raise, as long as that is restored in 1986.

Senator THURMOND. Admiral Lawrence?

Admiral LAWRENCE. Senator, you ask a tough question. I would have to say that any proposal which would result in our failure to get the manpower we need to man the new ships coming down the line would have the greatest impact. Both the end strength cut and the 10-percent reduction in support would hurt us, because we would have to seriously consider taking people out of ships to maintain our support ashore.

I am concerned about the pay raise because of its impact on retention. It is now leveling off and I think it is going to decline. Failure to get the pay raise would add to our retention problems in the future.

So I would have to say the first two would be tied for the top because of the immediate nature of their impact. The problem caused by a lack of a pay raise would be delayed but eventually just as serious.

Senator THURMOND. General Cassidy?

General CASSIDY. If the Senator will permit me a caveat, I have a hard time separating the 10-percent reduction and the loss of growth, because they do the same thing to the Air Force, sir. They do not permit us to man the things that we are buying.

By that I mean, 85 percent of our growth of people this year is directly tied to force structure growth. That is the B-1, the ATB, the C-5B, the TR-1, and the SR-71, GLCM, those sorts of things; 85 percent of the growth is tied to that.

So I cannot separate the first two. The first two are a net effect of losing people. That would have the most immediate disruption to us, and that would be immediate. The pay raise would not be immediate, but in the long haul that may well sneak up and bite us, sir. It may well do it. I watched the hemorrhage in the late seventies because we did not keep up with inflation, and it came after a series of lack of keeping up with inflation and pay freezes, 5 years worth.

And we are paying for that now. We are sitting here discussing an issue that we created several years ago. If that answers it, that is how I feel about it, sir.

Senator THURMOND. In other words, the pay raise you feel would be the least disruptive of the recommendations?

General CASSIDY. The pay raise would have the least short-term disruption. My crystal ball is not good enough to tell you what it will be in the long term.

Senator THURMOND. General Mead?

General MEAD. If we are taking 10 percent off the numbers I have—and I am sure there is going to be a lot of discussion on that aspect later on—that was the 4,700 military and 2,200 civilians, that would have very, very dramatic effects on the Marine Corps. So that would be the most disruptive. It would result in reduced manning of our operational forces since we have to continue to provide support. The impact would be very dramatic.

The second most disruptive is zero growth. Fortunately, you have given us the weapons we need to modernize, and we are adding structure in fiscal year 1986 to accommodate that decision. We are only asking for 1,200 new manning against that structure which is not even an increase this year. That number is just sliding from last year to reach the 199,500 denied last year. The new structure in fiscal year 1986 is in light armored vehicles, in direct support artillery, in modernization of aircraft from F-4's to F-18's, and also in combat service support. The end strength growth helps us man it. So you are into muscle there.

The third is really the tough one because it is short term. We do not give the 3-percent increase and hold to see the long-term impact. I personally think, sir, we will start to see an impact, because this decision will be a signal to our marines that we are not going to support them, not only this year but next year. And they will naturally think, what about the year after that?

So I think the severity of the long term impact of the third proposal might make it the worst of all. But in the short term, I would have to place priority of disruptions as the 10-percent cut and then the zero growth, and then the pay raise.

Senator THURMOND. Thank you.

Thank you, Mr. Chairman.

Senator WILSON. Thank you, Senator.

Senator Denton?

Senator DENTON. Yes, sir, Mr. Chairman. I want to congratulate you, as I did before, for having this hearing. I think it is an excellent idea.

These gentlemen should know that the four Senators they are looking at up here now are among the most supportive of the armed services in the current debate about the defense budget, with a very pessimistic outcome likely. I think that this hearing will, if it is used properly—and I think it will be used properly—tend to help increase the chance that we can stem a terrible tide.

The object of my remarks, Mr. Chairman, has been to support you and to help Senator Rudman make progress with a rough idea, but a good idea. And I hope that that is the impression that I have left with you.

Dollar for dollar is what the public feel they want. They do not think they are getting it, and what Senator Rudman is trying to say is, can you not do anything to take anything out of your support, out of your support train, so that we can say that the services did that? And he wants the DOD to do a lot more.

Do you think that you can do anything more than you have already done? That is my first question. Do you think it possible that, working with Senator Rudman, you might be able to indicate in DOD, pointing the finger at the other body as it were, or in your own ranks ways to cut down on support personnel in the manner that he has laid out? General?

COST EFFECTIVE MANPOWER DETERRENT

General ELTON. Well, Senator, I think we all seek the same goal, the most cost effective manpower deterrent force that we can for America. And we are pledged to do just that. If the instructions come from Congress to look into our house and cut from within, we are going to do the very best job we can to maintain the best capability to react positively when called on.

So we are prepared to work with the Secretary of Defense and you all to, as you say, preclude, hopefully, a nuclear detonation.

Senator DENTON. Senator Rudman indicated that he knew three of these men. I have to say this about the next man to speak. His career and his performance are truly remarkable, and I imagine not uncharacteristic of the other three gentlemen. But I know him extremely well.

He was class president of the Naval Academy, the originator of the present day brigade honor concept. At the Naval Test Pilots School at Patuxent he was designated the honor graduate of the school. He has so many distinctions that it would be difficult to enumerate them. He is probably the most respected officer in the mind of Adm. Tom Moorer, who was Chairman of the Joint Chiefs, whom Admiral Moorer ever met.

He is certainly that in my mind. He was shot down while leading Fighter Squadron 143 in North Vietnam in 1967. In his experience in prison, he sacrificed himself without any reservation when he felt it necessary, which was frequently.

He is a dead honest man. I know him well enough to say that. I know him as well as a brother. He was a distinguished graduate of the Naval War College, he has a master's degree in international affairs. He served as commander of the light attack wing, Pacific Fleet, as director, aviation program division; as assistant deputy chief of naval operations, air warfare.

He became superintendent of the Naval Academy and served as commander of the Third Fleet. And now, since October 1983, he has been Chief of Naval Personnel.

I am glad Senator Rudman qualified his statement about knowing more than those on the other side of the Potomac. Admiral Lawrence sure knows more than I do about a lot of things, but particularly about this matter. And I would trust him.

If he tells me he cannot reduce support personnel at all, I believe him. Under the present circumstances, looking ahead at what is liable to be a terrible bloodbath if we seriously cut the defense budget, is there anything that you can offer up as a sop to these who are thirsting for blood, Bill?

Admiral LAWRENCE. Thank you, Senator Denton. It goes without saying that I reciprocate his respect for me, because I have seen him tested as no other man has ever been tested.

The point that I would like to make is that in the seventies, the Navy experienced a hemorrhage of talent, and our combat readiness was at a low ebb. These conditions applied to the other services as well. We have worked very hard over the last 4 years or so to pull ourselves out of that, but we are far from being where we should be. As we have built up the Navy, we have cut our support as lean as we could. We have aggressively increased our combat-to-support ratio, and we honestly feel that we cannot take any more cuts in support without a serious impact on the readiness of the Navy.

It is very important to point out that there are cost savings that accrue to the Government due to adequate personnel manning. General Cassidy alluded to this. For example, the improvements that we have experienced in aviation safety from fiscal 1980 to 1984 have saved the Government about $1 billion. That improvement in safety can be directly attributed to the improved manning levels and quality of our people and the improved experience, supply support, and maintenance they provide. The result was a tremendous saving as a result of improved personnel performance.

Therefore, before we arbitrarily cut people, I think we should be very careful in analyzing what the other cost impacts could be. We had to expend tremendous resources in terms of pay raises, improved recruiting, and so forth, to pull ourselves up from where we were in the seventies. So there are other cost implications involved.

Senator DENTON. Do you have a qualitative opinion—I know this would not be an expert opinion—about the number of civil service personnel attached or serving with the Navy? I will ask the general the same thing. Do you think that they might be reduced in some number?

Admiral LAWRENCE. We have reduced these over the years. We are much more effective today in calculating our workload, and our civilian manpower requirement is directly tied to the workload.

Certainly we are looking for efficiencies. As General Cassidy pointed out, they are doing efficiency reviews in the Air Force. We are doing the same thing in the Navy. We will complete efficiency reviews of the Navy's entire shore establishment by the end of this year, because it is our desire to put as much of our resources into "tooth" as we possibly can.

We need more ships and airplanes, so we are doing everything we can to keep our support requirements to the absolute minimum.

Senator DENTON. Do you think it is possible you might be able to find some in civil service?

Admiral LAWRENCE. I think that over time we will realize some savings as a result of our efficiency reviews. But we do not see specific cuts that can be taken right now.

General ELTON. Sir, to just tag onto what Admiral Lawrence has said, from the Army perspective I agree with him that efficiency reviews are going to uncover areas where we can make some savings.

I would call your attention, though, to the two charts that I have furnished you. Chart 11 talks to what has been done to increase the combat effectiveness force structure and primarily the combat force structure of the Army. You see we added some 50,000 spaces out through the 1991 era.

And then the next chart is how we paid the bill, and there is the reduction of 52,000 out through the same timeframe, the point being that one of the major areas in which we are doing this is by carefully scrutinizing those positions that can be changed from military to civilian. One of the line items in that how-to-pay-the-bill chart, No. 12, shows we are going up to about 6,000 to 7,000 civilians that are replacing military.

So, we are trying to do that as much as we can. It is an important part of our ability to maneuver our force into a more combat-ready, more capable force. But I agree with Admiral Lawrence, there are going to be economies and efficiencies and we will look for them.

Senator DENTON. General Cassidy?

General CASSIDY. Well, sir, I alluded to a couple of the things that we can do and we will do. So to answer your question, can you do something now, yes, sir, you bet we can, and we will continue to.

Some of that will be direct civilianization of some of our blue suit manpower positions that have no military essentiality, and we give everything the military essentiality test before we go on. We will contract things out. That is good for us, good for the economy, and we have found out that there is great savings in that, too, in many areas. But we have to be careful not to go too far.

In our actual production of new equipment, I guess the best example I can give you is the C-17. We are bringing on the C-17 airplane, which has a three-man crew and will require one-third the maintenance man-hours per flying hour of the other airlifters, and that will not do the job that the C-17 will do.

So we ask in everything we do, does it pass the reliability and maintainability test? In other words, those people in Systems Command and Logistics Command are building into the new systems we are getting reliability and maintainability, which saves people, which will keep the growth down.

We will continue to look at Reserve Force growth. As I mentioned in my statement, we are growing in the Reserve Forces two to one with the Active Force. As a matter of fact, in that area, in our strategic airlift force over one-half of the crews assigned to the C-141 and to the C-5, our principal strategic airlifters, over one-half of them are reservists now, and something near 80 percent of the aerial ports who will deploy and are only needed in wartime are reservists.

So we will continue to do those things. Can we do things now? Yes, sir, there are things that we will go on doing, sir.

Senator DENTON. I will not even ask you, General Mead. If the Marine Corps has more than it needs, it will be the first time that I have ever heard of.

But could you guys get together and give a rough guess of your maximum number that you might be able to do this year? Because what is going to happen to you is going to be a cataclysm in the next few weeks, and if we can get out there on the floor and say, these guys are really scraping the bottom of the barrel and here is what they are coming up with themselves, would help this year.

Senator WILSON. Thank you, Senator Denton.

Let me say too that no one could possibly mistake what your motives are, sir. I think they were well established in history long before you came to this hearing. There is no doubt of your ability to be helpful to me or Senator Rudman or anyone else.

Having said that, I wonder if you can be further helpful by assuming the Chair. I have to go in about 5 minutes to meet with the Secretary of the Navy, and I want to afford Senator Rudman the opportunity to question this panel.

Senator RUDMAN. I have one observation, one comment, and I am done.

Senator WILSON. Oh, in that case——

Senator RUDMAN. The observation I would make is that I think there is a very good role model for the Navy and the Air Force in what the Army did with creating the two divisions. The problems are totally different. They do not have the kind of rotation problems, they do not have some of the crewing problems the Air Force does. They are totally different. But there is still something to be learned from what the Army did.

And the second observation I would make is that the choice is going to be between my proposal and major procurement cuts, the serious impairment of readiness through heavy reductions of O&M, which will have more of an effect on the force readiness structure than anything else that we could do up here. So the real question is, How much can we do in this area to lessen the impact in those other two, because they are coming as sure as it will be dark in Washington at midnight tonight.

The purpose of this proposal is to try to have an alternative that is more responsible. Now, if the services come forward and say it is less responsible, cut out the procurement, cut out O&M, cut our readiness, then I will vote for it, because I will take the word of the Joint Chiefs on that.

I do not think they will say that, because I think they agree with us more than that. That is my comment, Mr. Chairman.

Senator **Wilson**. A comment with which I will agree. And I think, gentlemen, it should be clear to you now that we would be delighted if Senator Rudman had not felt compelled to offer this or, to put it more accurately, if the circumstances were not such that he quite reasonably felt compelled to offer a responsible alternative to the irresponsible cuts that we anticipate are going to be offered by others.

We thank you again for the fine job that you are doing, and in particular for being here this afternoon and making yourselves available so that we could question you. And with that this hearing, is adjourned.

[Questions with answers supplied follow:]

Questions Submitted by Senator Sam Nunn

EXCHANGES

Senator **Nunn**. Dr. Korb, the services' exchange systems play a significant role in providing morale and welfare support for military personnel and their dependents. In addition to sustaining their own operations, I understand that exchange profits are used to support many other morale and welfare (MWR) activities which had formerly been supported primarily through appropriated funds. Please provide the Committee a summary of AAFES and Navy Exchange expenses and profits over the last decade, and an audit of how these profits were used. Also include each Service's MWR expenditures over this period, and the proportion which was financed each year by appropriated and nonappropriated funds. What role do NAF profits play in future projections of the financing of MWR programs?

Dr. **Korb**. The Department of Defense (DOD) operates an intensive MWR program on its installations worldwide serving military personnel, retirees, reservists, DoD civilian employees, veterans with 100 percent service-connected disability, surviving spouses of deceased military personnel, and family members of all categories. Exclusive of costs of goods sold, program expenses total approximately $4 billion, of which 30 percent is provided through appropriated fund support and 70 percent is funded with nonappropriated funds. MWR activities are managed in eight categories per DOD Directive 1015.1 (Attachment #1). Funding authorizations are provided in DOD Directive 1015.6 (Attachment #2). Sales, earnings, and dividend data for the three military exchange services (Category I activities) for the period 1975 through 1984 are enclosed at Attachment #3. Dividends distributed by the exchange services from annual earnings are used almost exclusively for Category III-Military General Welfare and Recreation Activities. Attachment #4 details the funding for these activities over the past six fiscal years. Reliable records are not available for prior years. Nonappropriated fund (NAF) expenses are far greater than exchange dividends. Other sources of NAF are earnings from package stores and fees and charges assessed for bowling, golf, crafts, child care, and other Category III activities that lend themselves to user fees. As can be seen from Attachment #2, NAF must be used to pay for many items of operational support as well as for many kinds of major construction projects. The current NAF construction backlog is significant—over $2 billion, exclusive of the modernization needs of the exchanges themselves. Exchange earnings will be an important source of funding for these projects. Additionally, the Congress has denied appropriated funding in the past for several kinds of MWR facilities at new bases or bases with new missions. As a result, millions of dollars of unprogrammed NAF are having to be spent on GLCM sites in Comiso, Italy and Greenham Common, United Kingdom. [Attachments retained in committee files.]

Senator NUNN. What is the rationale for recent exchange initiatives to introduce nationally franchised commercial activities on military bases? What are the financial arrangements between the franchisers and the exchange services? In addition to the recently announced introduction of fast food restaurant franchises on military bases, what other proposals are the exchange services considering? Are the exchange services planning to enter into the motel business?

Dr. KORB. Due to favorable customer acceptance and operating results of three Navy and Marine Corps fast food facilities opened in 1982 and 1983, the Readiness Subcommittee of the House Armed Services Committee questioned future construction of exchange fast food facilities and directed that the exchange services consider name brand fast food commercial alternatives. Proposals were solicited, and two system-wide contracts were signed.

In May 1984, the Army and Air Force Exchange Service (AAFES) entered into a 5-year contract (with options to renew up to 20 years) with the Burger King Corporation whereby AAFES purchased the right to establish and operate outlets on Army and Air Force installations using Burger King's name, formulas, and methods of operation. AAFES plans to operate 185 Burger King outlets and to generate $835 million in sales and $175 million in earnings over the five year period. Terms of the contract call for AAFES to pay a $15,000 franchise fee per location to Burger King and a royalty fee of 4 percent and an advertising fee of 2 percent based on gross sales.

In August 1984, the Navy exchange system signed a 10-year contract with McDonald's Corporation, whereby that company or its subcontractors will establish and operate from 40 to 300 outlets on Navy bases throughout the world. Currently, 64 locations have been identified, 48 of which will be conversions of existing Navy exchange-operated snack bars. Terms of this contract call for McDonald's to pay the Navy both a percentage of sales and a percentage of profit based on a sliding scale (according to sales volume) from 3 percent of sales and 15 percent profit to 13 percent of sales and 35 percent of profit.

There are currently about a dozen other franchise arrangements for individual fast food facilities on DOD installations. Additionally, all three military exchange services have licensing agreements with Baskin-Robbins, extending back to August of 1973 in the case of the Navy. There are currently 50 Navy exchange Baskin-Robbins ice cream stores (38 in the United States and 12 in foreign countries; 56 AAFES Baskin-Robbins stores (30 in the United States and 26 in foreign countries); and 2 Marine Corps exchanges with Baskin-Robbins stores (1 in the United States and 1 in Japan). The exchange services are not considering additional franchising or licensing agreements at this time.

Only the Navy Exchange Service operates temporary lodging facilities (TLFs) on Navy bases. Currently there are 34 Navy lodges in the United States with a total of 1,214 rooms and 6 Navy lodges in foreign countries with a total of 222 rooms. TLFs on Army, Air Force, and Marine Corps bases are operated by the Military Services as Category III MWR activities. Priority for occupancy of the TLFs is given to Service members and their families under Permanent Change of Station orders. The only exception to this policy would be of a humanitarian nature such as priority for the family of a Service member who is being treated at a military medical facility. The Army entered into a contract to study the feasibility of using a "name brand" motel-hotel chain to replace TLFs on 16 Army installations. The completion date for this study is April 30, 1985. The current 5-year Army nonappropriated fund construction plan has $40 million for TLF construction. The Chairman of the Readiness Subcommittee of the House Armed Services Committee has directed the Army to submit any firm plan of this nature to the MWR Panel for review prior to any formal solicitations. Additionally, the Army has notified Senator Goldwater that if it decided to contract for name-brand hotel-motel facilities, it would be by competitive procurement.

Senator NUNN. Please describe the appropriated fund support for exchange activities and provide an audit of this expenditure over the past 10 years, as well as future projections. Beyond the direct, appropriated fund support, what other advantages do exchange commercial activities enjoy compared to counterpart civilian commercial businesses?

Dr. KORB. Appropriated fund support provided by the Military Departments to the exchange services are reported to this office annually. Reliable data exist only for the past 6 years. The following data are not audited, although the General Accounting Office essentially verified the accuracy for fiscal years 1979 and 1980.

Fiscal year:	*Millions*
1979	$129.1
1980	151.0
1981	179.8
1982	[1]180.8
1983	210.3
1984	241.9

[1] Understated because of failure to report all costs for movement of Navy exchange merchandise to overseas areas.

Since about 60 percent of appropriated fund support consists of shipment of exchange merchandise overseas, any future projections of appropriated fund support are largely contingent upon world fuel prices and shipping rates. Other major appropriated funded expense elements are rents and utilities overseas and military personnel. The remaining 20 percent of appropriated fund support consists of general and administrative support, which would likely fluctuate with cost of living indexes.

As instrumentalities of the Federal Government, exchanges enjoy the privileges and immunities of the Federal Government, to include exemption from most state and local taxes. Military exchanges may also use federal lands and, in some cases, military facilities without payment of rent. In many respects, exchanges are akin to consumer cooperatives, which provide goods and services of comfort and necessity to their members and return earnings from their operations to their members in terms of welfare and recreation programs.

Senator NUNN. What is the Department's policy regarding direct competition between exchange and civilian businesses? What is the methodology and approval process for expanding exchange services? What role does the local installation commander play in determining which exchanges activities will be located on a military base? What guidelines does the Department of Defense provide local commanders in making this determination? Is the availability of civilian businesses a consideration in these decisions?

Dr. KORB. Department of Defense policy regarding the operations of military exchanges is contained in DOD Directive 1330.9, "Armed Services Exchange Regulations (ASER)," a copy of which is attached. These regulations were first issued following hearings by the House Armed Services Committee (HASC) in 1949. The ASER regulates the kinds of services that may be offered and the items that are authorized for sale in military exchanges within the Continental United States (CONUS). These restrictions were imposed by the HASC primarily to prevent military exchanges from competing with commercial businesses on some types of services and merchandise. Prospective changes to the ASER are forwarded to the HASC for its review prior to formal issuance. Recently, the HASC authorized the Department to include personal/home computers in the CONUS stockage list, and the next revision to the ASER will reflect that addition.

Once the service or merchandise is authorized in the ASER, local installation commanders and exchange service commanders determine which exchange activities will be located on a particular installation. Local installation commanders are concerned with the needs and welfare of authorized exchange patrons, while the exchange service commanders are responsible for business-type considerations. In some cases, exchange facilities may be operated at a loss to provide needed services. The Department of Defense does not provide guidelines to local installation commanders, beyond the provisions of the ASER. Except for procedures governing Deviations and Amendments (paragraph 1-102), the ASER does not require surveys of civilian businesses. [Attachment retained in Committee files.]

Senator NUNN. What is the exchange services' policy on contracting exchange activities to commercial operators? What percentage of exchange employees are local hire versus career employees or military dependents?

Dr. KORB. The exchange services normally operate retail operations with direct hire employees. Particularly in the services area (barber-beauty shops, rent-a-car, florists, optical, watch repair, etc.), where there is a requirement for specialized skills or management techniques, product knowledge, sales technique, or a high inventory requirement versus anticipated earnings, the decision is frequently to use a contractor. Concessionaires are able to focus attention on a small segment of the market and provide exchange patrons with the benefit of their knowledge and experience. Essentially the mode of operation is a business decision based on availability of concessionaires (in some remote or overseas locations there is no option) and the prospective costs and advantages of direct versus concession operation.

AAFES has 35,609 CONUS employees, 32,008 (89.9 percent) of whom are local hire and 3,601 of whom (10.1 percent) are career employees. Family members of military personnel comprise 51.7 percent of the total AAFES CONUS workforce. The Navy exchange has 20,273 CONUS employees, 18,766 (92.6 percent) of whom are local hire and 1,507 (7.4 percent) are career employees. Family members of military personnel comprise 34.6 percent of the total Navy Exchange CONUS workforce. A breakout of the approximately 4,500 Marine Corps exchange employees in CONUS is not readily available.

Senator NUNN. What is the status of the AAFES proposal to reorganize its warehouse and distribution functions in the Eastern United States? Please describe the associated personnel and payroll impacts of these proposed realignments on the Philadelphia, Richmond, and Atlanta areas. Please also describe the indirect impact of this proposal on regional vendors, as well as currently used ports and transportation networks.

Dr. KORB. AAFES is taking title on a 94-acre site at Newport News, VA for the construction of a new distribution center. Equipment design is in progress, and an architect/engineer firm is expected to be under contract by mid-April for design of the building.

Approximate personnel and annual payroll reductions that will be impacted from mid-1987 to early 1989 are:

	Annual payroll
Personnel spaces:	
Philadelphia—200	$3,000,000
Richmond—90	1,320,000
Atlanta—1,370	20,400,000

Impact on regional vendors will be minimal. The bulk of AAFES procurement is centralized in Dallas, and if a regional vendor is currently a source, AAFES would continue the relationship as long as the vendor remains competitive.

Impacts on ports and transportation networks would see a shift of about 2,900 ocean containers annually from Savannah to Hampton Roads, representing 1.6 percent of annual volume at Savannah, and about 449 ocean containers from Charleston to Hampton Roads, representing 0.2 percent of annual volume at Charleston. In addition, approximately one million dollars annually in over-the-road drayage volume presently paid to trucking firms in the Carolinas and Georgia for movements to and from Atlanta would be lost.

Senator NUNN. What is the anticipated cost of this proposal and what is the amortization period? Would exchange profits be used to finance this realignment? What MWR activities would be curtailed or cancelled in order to finance this plan?

Dr. KORB. The cost to construct and equip this distribution center is $60.1 million. This is a programming estimate subject to revision as the architectural firm further develops the actual design. The project will be amortized over a 20-year period. The tentative payback and return index, based on the current working estimate and projected savings, are 4.6 years and 19.9 percent, respectively. A formal fiscal analysis is currently being developed, and should be completed by September 1985. It will consider additional potential savings such as administrative personnel reductions, lower fleet fuel costs, lower building utilities cost, reduced inbound and outbound transportation costs and seavan drayage savings.

AAFES Board of Directors policy dictates that AAFES net earnings ("profits") be divided equally between the Services' MWR programs and AAFES. AAFES uses its 50 percent share of earnings to fund its capital expenditure program, including construction and other capital requirements. The Board has approved a financial management plan for funding its modernization program from operating revenues, without recourse to external financing, and without reducing dividends below current rates. No MWR activities will be curtailed or cancelled to finance this plan.

Senator NUNN. What plans does the Department of Defense have to consolidate the AAFES and Navy Exchange services? What is the rationale for having two parallel systems?

Dr. KORB. The Department has no plans to consolidate its three exchange services, each of which has its own unique mission in relationship to mobilization and wartime requirements. This matter has been addressed several times in the past, most recently by the General Accounting Office in its report of July 18, 1980, "Military Exchange Systems: How They Can Provide More Benefits for Military Personnel" (FPCD-80-50). Our response appears at Appendix II of that report. We followed up on the GAO report with a study performed by the DOD Logistics Systems Analysis Office, which issued a report entitled "Areas of Cooperation in Exchange Distribution Services," dated July 1983.

The Department directed the consolidation of catalog sales in June 1979 to achieve economies, but there is no evidence that consolidation of retail operations would reduce prices, improve earnings, improve patron services, or reduce out of stock positions. In fact, we believe that local initiatives and performance competition among the exchange services significantly benefits both our patrons and our suppliers.

[Whereupon, at 4:55 p.m., the subcommittee was adjourned.]

○

INDEX

A

Page

- Abuse, substance 2260
- Accessions 2238, 2382, 2395
- Active and Reserve forces:
  - Balance needed 2723
  - Comparative end strengths 2344
  - Mix 2479
  - Strength changes 2485
- Active components 2390
- Active duty:
  - End strength 2437
  - Enlisted accessions 2347
  - Personnel 2206
  - Recall, subject to 2771
- Active Force requirements 2437
- Active Guard and Reserve (AGR) 2398, 2559, 2572
  - Increase sought 2312
- Active operational mission 2498
- AFQT categories I through III 2349
- Air Force Association 2865
  - The Price of Freedom 2867
  - Credibility restored 2869
  - People are the Priority 2883
- Air Force Reserve 2856
  - Personnel 2689
- Air Guard unit training 2526
- Air National Guard and Air Force Reserve 2189
- Aircraft, fixed wing 2623
- Airline pilot hiring 2221, 2432
- American Legion, The 2903
- Antimilitary atmosphere 2943
- Army and Air Guard, training 2525
- Army Commands, major 2637
- Army Guard:
  - Individual training 2527
  - Officer/Warrant officer development 2518
  - Unit, training 2525
- Army National Guard budget 2556
- Army National Guard and Army Reserve 2187
- Army Reserve 2839
  - Command and control 2566
  - Command headquarters 2605
  - Mission 2565
  - Personnel strength 2839
  - Posture 2562
    - Commitment to excellence 2563
    - Recent past 2570
    - Fiscal year 1986 and beyond 2612
  - Projected, 1990 2612
  - Special forces unit, shortage in 2307
- Attrition and desertion 2259
- Attrition rates, 3-year first term 2236

Page
Augment unit readiness, Navy 2660
Auxiliary activities 2949
Aviation:
  Army National Guard 2528
  Army Reserve 2588, 2617

B

Base closures 2922, 2930
Base operating support 2921
Benefits 2501
Bonus costs, enlistment 2207
Bonus, selective reenlistment 2424
Budget committee seeks cuts to President's Defense budget request 2309
Budget increase, President asks for 5.9 percent 2310

C

CAPSTONE program, Army 2584
Category IV enlistees 2307
Chemical protective clothing 2601
Civil service 2390
Civilian:
  End strengths 2174
  Personnel funding levels 2175
  Work force management, Navy 2332
Coast Guard Reserve 2190, 2851
COLA's, capping 2798
Command and control 2842
Commanders of the Army Reserve 2634
Commissary privileges 2861
Community and family support activities 2328, 2330
Compensation:
  Military 2164, 2341, 2366, 2793
  Related benefits 2201
Compensation and legislative issues 2268
Construction, new facility 2604
Continuation pay, aviation officer 2322
Contracting out programs 2334, 2929

D

Defense manpower trend 2343
Defense planning and programming category 2226
Delayed entry program 2209
Dental insurance 2913
Deployment, national strategy for forward and overseas 2216
Desertion rates, comparisons, fiscal years 1980-1984 2260
Doctor shortages 2182
Drug and alcohol abuse 2296

E

Education 2441
Education and training, Army Guard NCO 2527
Educational assistance 2340, 2363, 2383
Educational assistance for Selected Reserve 2400
Educational incentives 2423
End strength:
  Active 2253, 2953
  Air Force 2301
  Army 2298
  Civilian 2225, 2955
  Full-time support 2196
  Increase 2178

Page

End strength—Continued
  Marine Corps ... 2302
  Navy ... 2254, 2299
Enlisted accession plans ... 2348, 2395
Enlisted personnel, quality of ... 2339, 2355
Enlisted recruiting, one-Navy ... 2255, 2428
Enlisted strength, E5–E9 ... 2240
Enlistments, Selected Reserve ... 2396, 2397
Enlistment and retirement policies by services ... 2769
Equal opportunity ... 2264
Equipment concentration sites ... 2599
Equipment modernization, Navy ... 2661
Equipment, sophisticated, impact of ... 2946
Equipping and sustaining the Army Guard ... 2520
  Aviation equipment, Army Guard ... 2521
  Clothing and equipment ... 2523
  Communications and electronic equipment, Army Guard ... 2522
  Depot maintenance ... 2524
  Repair parts ... 2523
Equipping, modernizing, and sustaining ... 2597, 2621

F

Family and employer support ... 2411, 2533, 2555
Family programs ... 2161
  Army ... 2249
Family support programs ... 2331
Federal employees serving in the Guard or Reserve ... 2223
Federal mission ... 2513
Fifth quadrennial review ... 2797, 2801
Fleet Reserve Association ... 2895
Force management improvements, Navy ... 2260
Force mix ... 2496
Force, quality of the ... 2235
Force structure ... 2514
Foreign language requirements ... 2308

G

GI bill ... 2207, 2326, 2371, 2379, 2415, 2417, 2431, 2470, 2473, 2474, 2613, 2861
  Cost of ... 2417
  Funding for ... 2442, 2502
Grace Commission:
  Recommendations ... 2784
  Report ... 2777, 2782
  Report erroneous ... 2751
Guard and Reserve:
  Equipment for ... 2224
  Summer service ... 2727

H

Health care personnel ... 2860
Helicopters for the Reserve ... 2600
High school degree graduates recruited ... 2439

I

Incentives, monetary ... 2424
Individual Mobilization Augmentees ... 2559, 2579, 2615
Individual Ready Reserve (IRR) ... 2197, 2210, 2313, 2325, 2560, 2581, 2582, 2614, 2840
  Bonus program ... 2212
  Quality of ... 2314
  Strength ... 2197

J

Joint Chiefs of Staff (JCS) exercises ... 2610

L

Page

- Living, standard of 2374

M

- M-60 versus M-1 human engineering 2318
- Management improvements 2262
- Managing, mobilizing, and deploying 2604
- Manning 2315
  - Costs, full-time versus Reserve 2204
  - Full-time 2738, 2743
    - Military and civilian 2737
  - Levels, military and civilian 2915
  - Personnel systems, full-time 2226
  - System, new 2246
  - The Air Guard 2517
  - The Army Guard 2516
- Manning, equipping, and training 2185
  - The Reserve Forces 2190
- Manpower:
  - Active component 2165
  - Civilian 2169, 2245, 2261
    - Navy 2959
    - Competition for 2735
  - Deterrent, cost effective 2979
  - Levels 2202
  - Management 2245
  - Quality requirements 2179, 2224, 2476
  - Requirements versus supply, trained 2244
  - Reserve component 2168
  - Shortfall, peacetime, Air Force 2964
  - Strengths, 2-year authorization 2225
  - Stretched thin, Navy 2958
- Manpower and personnel issues 2159, 2229
- Marine Corps Reserve 2189, 2208, 2292, 2440, 2692, 2849
- Medical and dental training 2618
  - Army reservists 2591
- Military:
  - Career, how lucrative is a 2785
  - Construction 2193
    - Funding 2223
  - Draft 2419
  - Justice system 2212
  - Justice, uniform codes of 2216
  - Manpower by service and component 2345
  - Manpower mobilization 2243
  - Personnel 2192
  - Service, trends in protensity 2350
  - Technicians 2389
- Mission requirements 2742

N

- National deficit, curbing the annual 2785
- National Guard:
  - Air Defense equipment 2543
  - Aviation equipment 2543
  - Equipping and sustaining 2541
  - Federal mission 2537
  - Ground equipment 2542
  - Manning 2539
  - Officer/warrant officer development 2540
  - Organizing 2537
  - Readying/mibilizing 2553
  - State mission 2512, 2537
  - Training 2547
- National Guard and Reserve, women in 2199

V

Page
National Military Family Association 2909
Nuclear officers, retention of 2326
NATO allies ratio on Active and Reserve strength 2307, 2308
Naval Reserve 2188, 2844
  Funding request 2672
  Mission 2652
  Ships 2493

O

Occupational specialists, breakdown of 2940
Obligatory authority 2190
Officer Personnel Management Act of 1980 (DOPMA) 2760
Officer programs 2241
Officer training, Reserve 2617
Operation and maintenance 2192, 2632
  Navy Reserve 2675
Overseas deployment 2610
Overseas moves for E4 2454

P

Pay:
  Comparability 2422
    Military/civilian 2372, 2375
  Comparability gap, reducing 2421
  Cuts, increase in 2944
  Freeze, military 2172, 2467
  Freeze and pay raise delay 2466
  Increases, longevity 2214
  Increases, targeting of 2182
    Versus across the board 2181
  Military 2213
  Raises 2466, 2468
    3-percent 2952, 2955
    Military 2960
  Retired military personnel receiving 2831
  Retired/retainer for uniformed services, adjustments of 2829
  Retirement and retired, nondisability, statutes relating to 2826
Pay and benefits 2966
Peacetime missions 2714
People supports 2282
Permanent change of station (PCS):
  Costs and reimbursements, comparison, military and civilian 2271
  Initiatives 2455
  Moves overseas, costs 2454, 2455
  Out of pocket expenses 2451, 2452, 2453
Personnel:
  Active duty and civilian, reducing 2176
  Civilian 2163
    DON 2962
  Critical skills 2173
  Exempting some 2938
  Expenses, reimbursement of 2271
  Issues, general 2860
  Management problems 2162
  Readiness 2256
    Ship/squadron 2256
Pilot(s):
  Hiring, airlines 2259, 2322
  Leaving service 2323
  Retention 2322, 2326
    A problem 2321
    High, Marine Corps 2324
    Upgrade in Army 2325
  Shortages 2220
  Training costs, Army 2221
Pilot and officer retention, Navy 2311

Page

Procurement (National Guard and Reserve equipment) 2193
Profligate waste 2943
Promotion opportunity and timing 2762
Promotion results, E4 to E5 2237
Public and family support 2201

Q

Quality goals established 2316
Quality of life 2247, 2294
    Improvements 2265
Quality requirements, projected 2361
Quality versus indiscipline 2237

R

Readiness 2742
    Of the current force 2720
    Selected Reserve 2741
Readiness and mobilization 2293
Readying/mobilizing, Army Guard 2532, 2533
Recruit quality goals, Navy 2319
Recruiter entry into schools 2460, 2461, 2462, 2463
Recruiting 2255, 2297, 2338, 2377, 2457
    Benefits in the Army 2471
    Competition in 2444
    Difficulties 2371
    Enlisted 2428
    Goals:
        Air Force 2320
        Marine Corps 2320
    Objectives:
        Enlisted 2280
    Office 2281
    On campuses 2459
    Problems 2477
    Resources 2352
        Increasing 2268
Recruiting and advertising budgets 2446
Recruiting and retention 2171, 2335, 2340, 2382, 2393
Reenlistment rates 2281
Reorganizing Act of 1958 2939
Reserve:
    Affairs, international 2201
    Commissary shopping 2215
    Components 2339, 2416
        Combat readiness, evaluation of 2199
        Program 2241
        Recruiting resources 2399
    Enlistments, quality indicators 2349
    Manning status 2202
    Military manpower 2261
    Missions increase 2505
    Personnel, Army 2627
    Readiness assignment 2506
    Recruiting costs 2418
    Training 2203
Reserve force:
    End strengths 2268
    Service 2407
Reservists and guardsmen requested, full-time 2227
Retention 2239, 2353
    Effort successful 2422
    Enlisted 2257, 2428, 2429
    Improvement 2257
    Naval aviators 2430
    Nuclear officers, Navy 2258, 2471

Page

- Retention—Continued
  - Of naval officers 2259
  - Officer 2258, 2429, 2579
  - Recruiting 2440
- Retired military members, recall of 2771
- Retired Officers Association 2901
- Retirement:
  - Benefit's, Active personnel's uncertainty about 2772
  - Early 2800
  - Formula 2327
  - Modernization Act 2751, 2758
- Retirement system, military 2162, 2179, 2221, 2745, 2750, 2754, 2862, 2913
  - Alternatives to 2766
  - Basic purpose of 2783
  - Costs 2783
  - DOD review of 2222
  - Security is 2787
  - Uniformed services, principles 2825
- ROTC 2615
  - Access to college campuses 2462
  - Scholarship 2241
- Rudman proposal 2918
  - Applying government-wide 2948

S

- Sea/air mariner program 2727
- Sea manning 2256
- Selected Reserve 2558
  - End strengths 2195
  - Enlistments 2195
  - Incentives 2401, 2404, 2405
  - Personnel strength 2385
- Selective continuation action 2761
- Simulators, training 2590, 2618
- Soldier oriented research and development 2246
- Soldiers, quality 2234
- Special training funds, Army Reserve 2593
- Strengths 2267
- Structuring the total force 2278
- Support, full-time 2243, 2541
  - Air Guard 2520
  - Army Guard 2519
  - End strengths 2389
- Support agreements, interservice 2929
- Support personnel:
  - Full-time 2196, 2381, 2387, 2391
  - Noncombat, reduction in 2926
  - Reduction in 2919
- Support structure, DOD's 2920
- Surge capability 2303
  - Air Force 2304
  - Army 2305
  - Marine Corps 2304
  - Navy 2305
- Sustainability 2218

T

- Tank crew performance 2236, 2317
- Technologically oriented armed services 2941
- Trained manning in units against wartime requirements 2386
- Training and education initiatives 2265
- Training support:
  - Air Guard 2530
  - Army Guard 2529

U

Page

Uniform Code of Military Justice 2410
Unit support, full-time 2613
USAR Selected Reserve End Strength 2242

W

Weapon system acquisition forces, improving 2301
Women:
  End strength 2264
  In National Guard and Reserve 2199
  In the Navy 2264
  In Reserves 2200
  Marines and minorities 2292
  Reservists 2616
Women and minorities in the Army Reserve 2573

○